



M.J. International Co., Ltd.

2022 Annual Report

Website

MOPS: <http://mops.twse.com.tw>

The Company's website: <http://www.mjig.com>

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THIS IS A TRANSLATION OF 2022 ANNUAL REPORT OF M. J. INTERNATIONAL CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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- (III) Subsidiary in Hong Kong
Name: Prolong International Co., Limited Telephone: (886)2-2268-4666
Address: 31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong
Name: Opulent International Group Limited Telephone: (886)2-2268-4666
Address: 31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong
- (IV) Taiwan Branch of Hong Kong Subsidiary
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- (V) The subsidiary in Samoa : Fullhouse Investments Limited.
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- (VI) The subsidiary in China
Name: Dongguan Prolong Plastic Products Co., Ltd. Telephone: (86)769-8663-2083
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Name: Dongguan Mei Jer Plastic Products Co., Ltd. Telephone: (86)769-8983-1234
Address: 3rd Industrial Zone, Huang Yong, Zhongtang Township, Dongguan City, Guangdong
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Name: Chongqing M.J. Architecture & Telephone: (86)023-632600
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Economic-Technological Development Area, Beijing City
Name: Shanghai M.J. Architecture & Decoration Telephone: (86)021-64828022
Material Co. Ltd.
Address: 7F, No. 36, Alley 1088, Shen Hong Rd., Ming Xin Dist., Shanghai City
Name: Guangzhou PROMAX Architecture & Telephone: (86)020-3724-3136
Decoration Material Co. Ltd.
Address: No. 411, Main Office Building, No.512, Guangzhou Avenue North, Tianhe Dist.,
Guangzhou City
Name: Wuhan M.J. Architecture & Decoration Telephone: (86)027-8784-9788
Material Co. Ltd.
Address: No. 1, 36F, Bldg. No. 6 of Bldg. Nos. 6~7 of Wuhan 1818 Center, No. 109,

Zhongzhen Rd., Wuchang Dist. Wuhan City (2nd Phase)
 Name: Xian M.J. Architecture & Decoration
 Material Co. Ltd. Telephone: (86) 132-79352318

Address: Suite 10901, 9F, Unit 1, Bldg. No. 6, Wang Xiang Hui, No. 21, Gaoxin 6th Rd.,
 Gaoxin Dist., Xian City

Name: Shenyang M.J. Architecture & Decoration
 Material Co. Ltd. Telephone: (86) 024-25102977

Address: No. 116-1-4, Hong Run Rd., Yuhong Dist., Shenyang City

Name: Changchun MH Arts Co., Ltd. Telephone: (86) 0431-80540546

Address: Plant No. 3, Xinglong Comprehensive Bonded Zone, 7299 Airport Road,
 Changchun Economic Development Zone

(VII) The subsidiary in Canada : Green Touch Floors Inc. Telephone: 647-728-1346

Address: 25 Esna Park Dr. Unit 2 MARKHAM, ONTARIO CANADA L3R 1C9

(VIII) Factory

Name: Dongguan Prolong Plastic Products Co., Ltd. Telephone: (86) 769-8663-2083

Address: 3rd Industrial Zone, Jizhou, Shijie Township, Dongguan City, Guangdong Province

Name: Dongguan Mei Jer Plastic Products Co., Ltd. Telephone: (86) 769-8983-1234

Address: 3rd Industrial Zone, Huang Yong, Zhongtang Township, Dongguan City, Guangdong
 Province

Name: M.J. International Flooring and Interior Products Inc

Telephone: (886) 06-3009666

Address: No. 15, Gongye 3rd Rd., Annan Dist., Tainan City, Taiwan (R.O.C.)

Name: Changchun MH Arts Co., Ltd. Telephone: (86) 0431-80540546

Address: Plant No. 3, Xinglong Comprehensive Bonded Zone, 7299 Airport Road,
 Changchun Economic Development Zone

III. Name, address, website and Tel. No. of the shareholders' service agent:

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 Zhongzheng District, Taipei City

IV. Name, firm name, address, website and Tel. No. of CPA certifying the financial statements of the most recent year:

Firm name: Deloitte Taiwan Telephone: (886) 2-2725-9988

CPAs: Chiang-Shiun Chen, CPA & Chang Keng-Hsi, CPA

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City Website: www.deloitte.com.tw

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A.

VI. Company website: <http://www.mjig.com>

VII. Roster of Directors (the nationality and main work experience of independent directors domiciled in Taiwan, if any, to be specified):

Job title	Nationality or Place of Registration	Name	Main Work Experience
Chairman of Board	Samoa	Black Dragon Assets Limited	-
	Taiwan R.O.C.	Representative: Chen Pen-Yuan	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J.

Director	Samoa	CROWN HARVEST COMPANY LIMITED	-
	Taiwan R.O.C.	Representative: Chen Chien-Ming	Graduated from China University of Technology Vice President of Investment Department of Crown Harvest Company Limited.
Director	British Virgin Islands	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-
	Taiwan R.O.C.	Ho Ping-Hsien	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group
Director	Taiwan R.O.C.	Lin An-Hsiu	Graduated from elementary school
Director	Taiwan R.O.C.	Hsieh Ming-Feng	Department of Chemical Engineering, Lee-Ming Institute of Technology
Independent Director	Taiwan R.O.C.	Lee Chen-Hung	National Chengchi University MBA Executive Director of Ernst & Young Financial Technology Co., Ltd. General Manager of Wisdom Securities Investment Consulting Co., Ltd. General Manager, UBS UBS Investment Trust
Independent Director	Taiwan R.O.C.	Chiou Jyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University
Independent Director	Taiwan R.O.C.	Jong Wen-Ren,	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU.

VIII. Name, job title, contact No. and email of the designated domestic agent:

Designated domestic agent: Chen Pen-Yuan

Job Title: Chairman of Board

Telephone: (886)2-2268-4666

Email: IR@mjig.com

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One. Letter to Shareholders

Dear Shareholders:

Reviewing 2022, the impact of the pandemic on the overall economy gradually diminished. However, the emergence of the Russo-Ukrainian War, high inflation, and a high-interest economic environment led to a slowdown in economic growth in Europe, the United States, and China. In the first half of 2022, our company benefited from the post-pandemic consumer demand, maintaining high revenue and profitability. However, in the second half of the year, the European economy reversed, and end-demand rapidly contracted. The growth in the United States and China also declined. Faced with continuous customer inventory adjustments, our company reported a slight decline of 9.6% in annual revenue compared to 2021, while achieving a 109% growth in profitability. To expand into new markets and improve our competitive position in the global stone-plastic tile market, we focus on product innovation, international awards, patent layout, production efficiency enhancement, reducing defect rates, and material cost reduction. These efforts have demonstrated our consistent profitability and our commitment to returning value to shareholders.

In order to achieve long-term sustainable development, our company established a new factory in Tainan in October 2022. By the end of 2022, we had already made initial shipments, and new customers from Europe and America have visited and inspected the factory. We expect to generate further growth momentum once the necessary procedures are completed. In terms of research and development, we are moving towards environmentally friendly, healthy, and green building materials to increase product value.

Looking ahead, the global economy is still full of uncertainties, which will intensify the elimination of the weak and retain the strong in the stone-plastic floor tile market. With the concept of "green enterprise", Meijer will continue to strengthen the company's operating system, expand product innovation differences, and streamline production management. Make every effort to open up new markets and new customers, and move towards sustainable transformation and international integration. The following is a report on the 2022 annual business report and the summary of the 2023 business plan:

I. 2022 Annual Business Report

(I) Implementation overview

The full-year consolidated revenue for 2022 will be NT\$3.263 billion, a 9.6% decline from 2021. The main reason for the decline in revenue is that customers will continue to adjust inventory in the second half of 2022, resulting in a reduction of revenue.

(II) Implementation results of the business plan and comparison with 2021:

The revenue of the consolidated financial report for 2022 is 3,262,778 thousand , the cost of goods sold is 2,573,811 thousand yuan, the gross profit of sales is 688,967 thousand, the gross profit margin is 21.1%, the net profit attributable to the parent company is 143,494 thousand, and the net profit margin is 4.4 %, the comparison with 2021 is as follows:

Unit: NTD Thousand

Item	2022	2021	Amount of increase (decrease)	Increase (decrease)
Revenue	3,262,778	3,610,670	(347,892)	(9.64%)
Cost of goods sold	2,573,811	2,986,204	(412,393)	(13.81)%
Gross Profit	688,967	624,466	64,501	10.33%
Net profit after tax	143,494	68,578	74,916	109.24%

The turnover in 2022 decreased by 347,892 thousand compared with 2021. In terms of sales area performance, the European region is still the main sales market, accounting for 63.4% of sales, the North American market accounts for about 17.0%, the Taiwan market accounts for about 5.8%, and other regions in total Accounted for about 10.5%, the mainland China market accounted for about 3.3%. In recent years, Meijer has deepened its sales regional dispersion strategy. With the gradual emergence of business gains in North America and other regions, sales in North America and other regions grew compared to 2021.

Due to the prices of raw materials have dropped from the high level and the selling prices have been adjusted to reflect the upfront costs. Resulting the gross profit margin of 2022 is 21.1%, an increase of 3.8% compared to 2021

(III) Profitability Analysis

Since the gross profit margin in 2022 increased by 3.8% compared with 2021, and the operating expenses increased by 1.6%, so the operating profit increased by 2.2%. In addition, the other income in 2022 increased by 0.4% compared to 2021. Due to the increase in exchange gains, the after-tax net profit attributable to the parent company is 143,494 thousand, with a net profit margin of 4.4% in 2022.

(IV) Research and Development Status

In 2022, Meijer have two innovative new products that have won international design awards, three awards for rice husk flooring (Germany iF, German Reddot and American IEDA), and two awards for PP (polypropylene) flooring Grand Prize (Reddot, Germany and IEDA, USA). These fruitful results are the result of the company's continuous efforts in research. For the sustainable growth of the company, in addition to building a better R&D environment and introducing more professionals, the development of new materials, improvement of production equipment and introduction of automation equipment are also ongoing. In addition, combined with the concept of corporate social responsibility and circular economy, Meijer has transformed and utilized agricultural waste resources to develop innovative products that are more environmentally friendly and safer. In addition, a new research and development product anti-virus floor that has attracted much attention will also be launched. The innovative research and development of this kind of product shows the solid research and development capabilities of Meijer.

II. Summary of 2023 business plan

Looking forward to 2023, although there are still high uncertainties in the environment such as the intensified confrontation between the United States and China and the high interest rate of the US dollar, Meijer is still cautiously optimistic. At present, major customers in the European region continue to face the impact of high inflation. In the first half of the year, the growth is steady. In the second half of the year, when the negative impact of the general environment slows down and

consumer demand recovers steadily, it will help create momentum for the overall operating growth of the group. The new SPC factory in Tainan established in October 2022. At the end of 2022, after customer sample certification and preliminary review, a small amount of initial orders and shipments have been obtained. In 2023 customers from America will successively visit the factory for inspection and certification in the first half of the year, which will have the opportunity to drive the growth of operations in the second half of the year. In the future, Meijer will continue to deepen sales in the commercial market and actively expand into the household sector. Through the strategy of receiving orders for both LVT and SPC products, it will gain a firm foothold in the commercial market and expand sales in the household market. In addition, innovative products such as rice husk flooring (RSPC), PP As well as the launch and penetration of anti-virus flooring into the market, it drove the simultaneous growth of revenue and profit.

In addition, the company continues to optimize the team organization, strengthen the cooperation with customers and suppliers within the company, and deepen the long-term competitiveness of Meijer. At present, professional managers lead the management team and all employees. to strive towards to make the most benefit of the company, shareholders, employees, customers, suppliers, and society of all.

In the future, we will continue to work hard with sincerity, diligence, simplicity, prudence and with the concept of quality first , to enhance the company's overall core competitive advantages. Taking the interests and satisfaction of customers as the biggest driving force for our growth. We will work with the innovation and refinement spirit, continuously improves the process, innovates the design, and strives to achieve perfect quality, to continue to work hard to operate the enterprise, to repay all shareholders with a down-to-earth spirit, to grow steadily, and to make Meijer become the most reliable partner. We will also implement corporate governance, fulfill corporate responsibility and sustainable operation. Finally, wish all of you.

Health and happiness!

M. J. International Co., Ltd.

Chairman of Board: Chen Pen-Yuan

Two. Company profile

I. Date of incorporation and company profile

M. J. International Co., Ltd. (hereinafter referred to as the Company or M.J. International Co., Ltd (CAYMAN)) is a holding company incorporated in British Cayman Islands on October 8, 2010.

II. Company history

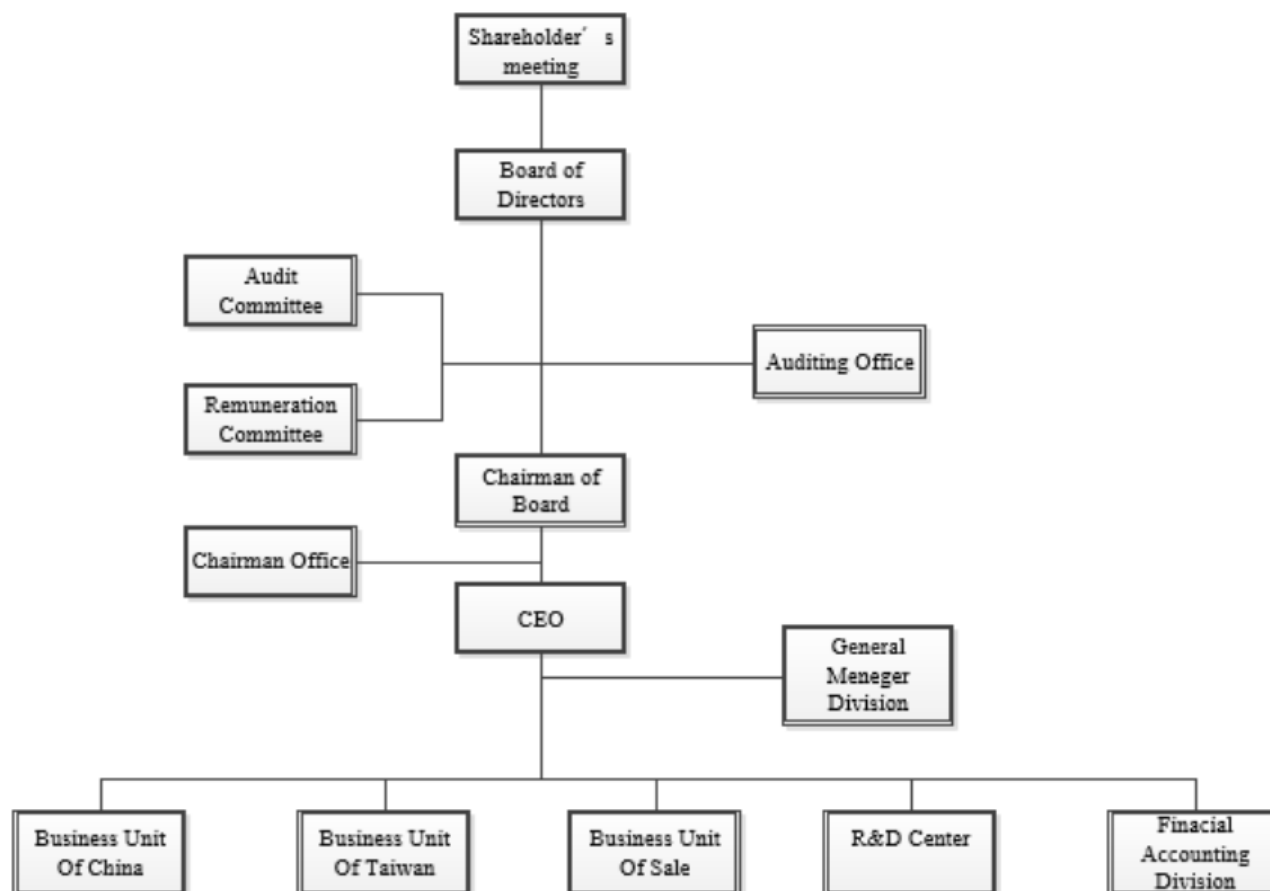
Year	Milestones
1982	<ul style="list-style-type: none"> • M.J.International Flooring and Interior Products Inc was founded in Shulin District, New Taipei City, Taiwan in June .
1986	<ul style="list-style-type: none"> • M.J.International Flooring and Interior Products Inc was relocated to Tucheng District, New Taipei City, Taiwan in May.
1990	<ul style="list-style-type: none"> • M.J.International Flooring and Interior Products Inc expanded its production capacity in October.
1993	<ul style="list-style-type: none"> • Dongguan Prolong PlasticProducts Co., Ltd.constructed its factory in ShiJie Township, Dongguan City in June.
1997	<ul style="list-style-type: none"> • Build the Prolong brand for tiles sold in Taiwan and the mainland China.
2001	<ul style="list-style-type: none"> • Dongguan Prolong factory passed ISO 9001 certification.
2002	<ul style="list-style-type: none"> • Dongguan Prolong factory passed CSTB certification.
2005	<ul style="list-style-type: none"> • Construction of Dongguan Prolong factory was completed, and the factory passed ISO 14001 certification.
2006	<ul style="list-style-type: none"> • Dongguan MeiJer PlasticProducts Co., Ltd. constructed its factory in Zhong Tang Township in August.
2008	<ul style="list-style-type: none"> • Dongguan Prolong factory expansion was completed and the factory started the mass production in April.
2010	<ul style="list-style-type: none"> • Dongguan MeiJer factory expansion (MeiJer Factory No. 2) was completed and equipped with fully-automatic production lines.
2010	<ul style="list-style-type: none"> • The first-listed entity, M. J. International Co., Ltd., was founded in Cayman Islands in October.M. J. International Co., Ltd. also established Prolong International Co., Limited in Hong Kong and proceeded with the reorganization.
2011	<ul style="list-style-type: none"> • Created the PROMAX brand for sale in the territories of Taiwan and the mainland China.
2012	<ul style="list-style-type: none"> • Founded Chongqing M.J. Architecture & Decoration Material Co. Ltd. in November to engage in the sale business in the mainland China. • Founded Opulent International Group Limited in Hong Kong and its Taiwan Branch in November to engage in the international sale business. • Acquired the utility model and invention patents in the mainland China, utility model patent in Taiwan and utility model patent in Japan with respect to PVC non-slip tiles. • Passed SA8000 certification and BRE green environmental protection certification.
2013	<ul style="list-style-type: none"> • Passed Floor Score US indoor air health emission standard certification. • Founded Beijing M.J. Architecture & Decoration Materials Co. Ltd. 、Shanghai M.J. Architecture & Decoration Material Co. Ltd. and Guangzhou PROMAX Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China. • Released the KAAPFLOR brand to expand the markets in the mainland China and South East Asia.
2014	<ul style="list-style-type: none"> • Received the Outstanding Taiwanese Businessman Award-Export Excellence Award of 2nd Term from Management Institute in Taipei.

	<ul style="list-style-type: none"> • Acquired the utility model patent in Taiwan, utility model patent in the mainland China, utility model patent in Japan and invention patent in the USA with respect to PVC non-slip tiles. • Acquired the utility model patent in Taiwan and invention patent in the USA with respect to novel environmental protection tiles.
2015	<ul style="list-style-type: none"> • Expansion of Dongguan MeiJer Factory No. 3 was completed. • Expansion of hot press production lines of Dongguan MeiJer Factory was completed.
2016	<ul style="list-style-type: none"> • Founded Wuhan M.J. Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China. • Listed on TWSE. • Acquired the Green Tag Certificate from Ministry of Interior of Taiwan R.O.C..
2017	<ul style="list-style-type: none"> • Founded Xian M.J. Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China.
2018	<ul style="list-style-type: none"> • Shanghai Business Center was established.
2019	<ul style="list-style-type: none"> • Founded Shenyang M.J. Architecture & Decoration Material Co. Ltd.
2020	<ul style="list-style-type: none"> • In order to disperse production capacity and disperse the market, the company's new Tainan factory investment project is located in Tainan Science and Technology Industrial Park and officially start construction.
2021	<ul style="list-style-type: none"> • Founded Changchun MH Arts Co., Ltd. and mainly produced VSPC.
2022	<ul style="list-style-type: none"> • RSPC won the German Red Dot (Red Dot), German iF and American IDEA design awards • PP flooring won the German Red Dot (Red Dot) and the American IDEA Design Award • The new factory in Tainan opened on October 17, 2022 in Annan District, Tainan City, specializing in the manufacture of SPC products.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Operations by department

Department	Operations & functions
Board of Directors	Make policy-based decisions and set the objectives and policies with respect to the Company's business administration.
Audit Committee	Supervise the Company's business overview and financial position, adequate expression of financial statements, and effective implementation of internal controls.
Remuneration Committee	Establish and periodically assess the performance appraisal on directors and managers, as well as policies, systems, standards and structures of remuneration, and establish and periodically assess the remuneration to directors and managers.
Auditing Office	Conduct the operational audit on the internal regulations, procedures and authorization by the competent authority and the Company, and execution thereof, and provide suggestions about improvement.
Chairman Office	Plan the business strategies, set business objectives, assess and promote investment projects, and plan and execute the affairs related to directors' meetings and shareholders' meetings.

Department	Operations & functions
General Manage Division	<p>Set the objectives about management of human resource, general affairs, procurement and SHE of the Group's subsidiaries.</p> <p>Integrate the application of the Company's information resources and management of information security, including procurement and maintenance of computer software and hardware, installation, planning, management and maintenance of network, development and maintenance of application software, and implementation of various office systems.</p> <p>Plan and manage the legal affairs, ISO, document management and operation standardization of the group.</p> <p>Formulate projects to improve the operating performance of various business entities.</p>
Business Unit of China	<p>Coordinate the overall strategic planning and project planning of the group's factories in China and its affiliated units, evaluate and gather data such as business plans and performance, and track, supervise and supervise the company's various projects and work objectives and progress. Assist, collect and provide external business management intelligence, information, and hold business meetings.</p>
Business Unit of Taiwan	<p>Coordinate the overall strategic planning and project planning of the group's factories in Taiwan and its affiliated units, evaluate and gather data such as business plans and performance, and track, supervise and supervise the company's various projects and work objectives and progress. Assist, collect and provide external business management intelligence, information, and hold business meetings.</p>
Business Unit of Sales	<p>Coordinating group business marketing, sales and other matters</p>
R&D Center	<p>Integrate new materials, new technologies and new functions to develop new products or new production processes; assist the technology transfer and implement mass production; and establish related documents, such as BOM and SOP.</p> <p>Assess and research the new ideas about forward-looking technologies and products; execute outsourcing R&D cooperative projects; conduct pre-market survey and establish product development plans.</p> <p>Search, assess, apply for and maintenance the patents about the products.</p>
Financial Accounting Division	<p>Responsible for the company's fund scheduling, accounting, financial budget, cashier, taxation, stock affairs and other matters.</p> <p>Integrate the use of company information resources and the management of information security, including: purchase and maintenance of computer hardware and software equipment, network planning, management and maintenance, development and maintenance of application software, and the introduction of various office suite systems.</p>

II. Information regarding Directors、Supervisors、President and CEO、Vice Presidents, Assistant Vice Presidents and Heads of departments and branches

(I) Directors and supervisors

1. Directors

April 23, 2023 Unit: shares; %

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Chairman of Board	Samoa	Black Dragon Assets Limited		August 12, 2021	3 years	March 24, 2014	4,478,400	6.78%	4,478,400	6.78%	-	-	-	-	-	-	-	-	-	
	Taiwan R.O.C.	Representative: Chen Pen-Yuan	Male 71~80				731,797	1.11%	731,797	1.11%	(Note 1)	(Note 1)	(Note 2)	(Note 2)	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J.	Chairman of Board of M.J.International Flooring and Interior Products Inc Director of Opulent International Group Limited/Prolong International Co., Limited./Fullhouse Investments Limited	-	-	-	-
Director	Samoa	CROWN HARVEST COMPANY LIMITED		August 12, 2021	3 years	August 7, 2014	12,204,000	18.47%	12,204,000	18.47%	-	-	-	-	-	-	-	-	-	-
	Taiwan R.O.C.	Representative: Chen Chien-Ming	Male 41~50				-	-	230,000	0.35%	-	-	(Note 3)	(Note 3)	Graduated from China University of Technology	Vice President of Investment Department of Crown Harvest Company Limited.	-	-	-	-
Director	British Virgin Islands	Chairman Management Corp.		August 12, 2021	3 years	June 2, 2017	3,999,000	6.05%	-	-	-	-	-	-	-	-	-	-	-	
	Taiwan R.O.C.	Representative: Kao Chen-Sheng	Male 61~70				-	-	-	-	-	-	(Note 4)	(Note 4)	Master, Long Island University Factory Manager of Ching-Mei Textile Corp., Ltd.	Chairman of Board of Ching-Mei Textile Corp., Ltd.	-	-	-	-
Director	British Virgin Islands	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account		August 12, 2021	3 years	September 5, 2018	7,779,000	11.78%	7,779,000	11.78%	-	-	-	-	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group	Non-Executive Director of Taiwan Honma Golf Co., Ltd.	-	-	-	-
	Taiwan R.O.C.	Representative: Ho Ping-Hsien	Male 71~80																	

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Director	Taiwan R.O.C.	Lin An-Hsiu	Male 61~70	August 12, 2021	3 years	October 8, 2010	1,370,500	2.07%	1,686,500	2.55%	437,500	0.66%	-	-	Graduated from elementary school	Supervisor of G.T Floor Co., LTD. Director of M.J.International Flooring and Interior Products Inc(TW) Director of Prolong International Co., Limited(HK)	-	-	-	-
Director	Taiwan R.O.C.	Hsieh Ming-Feng	Male 51~60	August 12, 2021	3 years	August 7, 2014	760,000	1.15%	557,000	0.84%	923,000	1.40%	(Note 5)	(Note 5)	Department of Chemical Engineering, Lee-Ming Institute of Technology	Chairman of Board of Xin Wei Cun Ltd. Supervisor of M.J.International Flooring and Interior Products Inc(TW) Supervisor of Dongguan Mei Jer PlasticProducts Co., Ltd.(CHN) Supervisor of Dongguan Prolong PlasticProducts Co., Ltd.(CHN) Chairman of Board of Wei Chung Development Co., Limited.	-	-	-	-
Independent Director	Taiwan R.O.C.	Chiou,Jyh-Shen	Male 51~60	August 12, 2021	3 years	June 9, 2020	-	-	-	-	-	-	-	-	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University	Distinguished Professor of the Department of International Trade, National Chengchi University Independent Director of STL Technology Co., Ltd.	-	-	-	-
Independent Director	Taiwan R.O.C.	Jong Wen-Ren	Male 61~70	August 12, 2021	3 years	August 12, 2021	-	-	-	-	-	-	-	-	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU	Director of Computer Center of Information Technology, CYCU Central China University Deputy Director of Smart Manufacturing R&D Center of Central China University	-	-	-	-
Independent Director	Taiwan R.O.C.	Lee Chen-Hung	Male 61~70	June 15, 2022	2 years	June 15, 2022									National Chengchi University MBA Executive Director of Ernst & Young Financial Technology Co., Ltd. General Manager of Wisdom Securities Investment Consulting Co., Ltd. General Manager, UBS UBS Investment Trust	Executive Director of Ernst & Young Financial Technology Co., Ltd.	-	-	-	-

Note 1: Chen Pen-Yuan's spouse holds 100% of the equity of ALPHA MARVEL CORPORATION. ALPHA MARVEL CORPORATION holds 4.23% of the equity of the Company.

Note 2: Chen Pen-Yuan holds 100% of the equity of Black Dragon Assets Limited. Dragon Assets Limited holds 6.78% of the equity of the Company.

Note 3: Chen Chien-Ming holds 12% of the equity of CROWN HARVEST COMPANY LIMITED. CROWN HARVEST COMPANY LIMITED holds 18.47% of the equity of the Company.

Note 4: Chairman Management Corp. has resigned the position of independent director on 2022/4/28.

Note 5: Hsieh Ming-Feng holds 39.70% of Wei Chung Development CO., Limited. Wei Chung Development CO., Limited holds 1.40% of the equity of the Company.

Note 6: Lee Chen-Hung was elected as an independent director on 2022/6/15.

Note 7: The company has a total of eight directors, including three independent directors, which is higher than the requirement of two seats and 1/5, and has specialization in financial accounting and marketing specialization, can effectively play its supervisory function and implement corporate governance, and More than half of the company's directors are not concurrently employed as employees or managers, and the board of directors maintains objectivity and supervisory functions.

2. Supervisors: N/A, because the Company has already established the Audit Committee.

3. Major shareholders of institutional shareholders

April 23, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders
Black Dragon Assets Limited	Chen Pen-Yuan (100%)
CROWN HARVEST COMPANY LIMITED	Chen Chun-Po (28%), Liu Chu-Mei (12%), Chen Chien-Yuen (12%), Chen Chien-Long (12%), Chen Chien-Ming (12%), Chen Man-Ling (12%), Chang Li-Huang (12%)
Chairman Management Corp.	Kao Chen-Sheng (100%)
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	CT Bright Fund Management Company Limited (100%)

4. Major shareholders of institutional shareholders' major shareholders who are institutional investors

April 23, 2023

Name of Institute Investor	Major shareholders of Institute Investors
CT Bright Capital Company Limited	CT Bright Fund Management Company Limited (100%)

(II.) Information about directors

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualifications Name	Professional qualifications and experience	Independence analysis	Number of public companies where the person holds the position as independent director
Chairman of Board Black Dragon Assets Limited Representative: Chen Pen-Yuan	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J. Chairman of Board of M.J. International Flooring and Interior Products Inc Director of Opulent International Group Limited. Director of Prolong International Co., Limited.	There is no case related to Article 30 of the Company Act.	0
Director CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming	Graduated from China University of Technology Vice President of Investment Department of Crown Harvest Company Limited.	There is no case related to Article 30 of the Company Act.	0
Director Chairman Management Corp. Representative: Kao Chen-Sheng (Note 1)	Master, Long Island University Factory Manager of Ching-Mei Textile Corp., Ltd. Chairman of Board of Ching-Mei Textile Corp., Ltd.	There is no case related to Article 30 of the Company Act.	0

Qualifications Name	Professional qualifications and experience	Independence analysis	Number of public companies where the person holds the position as independent director
Director Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group Non-Executive Director of Taiwan Honma Golf Co., Ltd.	There is no case related to Article 30 of the Company Act.	0
Director Lin An-Hsiu	Graduated from elementary school Supervisor of G.T Floor Co., LTD. Director of M.J.International Flooring and Interior Products Inc(TW) Director of Prolong International Co., Limited(HK)	There is no case related to Article 30 of the Company Act.	0
Director Hsieh Ming-Feng	Department of Chemical Engineering, Lee-Ming Institute of Technology Chairman of Board of Xin Wei Cun Ltd. Supervisor of M.J.International Flooring and Interior Products Inc(TW) Supervisor of Dongguan Mei Jer PlasticProducts Co., Ltd.(CHN) Supervisor of Dongguan Prolong PlasticProducts Co., Ltd.(CHN) Chairman of Board of Wei Chung Development Co., Limited.	There is no case related to Article 30 of the Company Act.	0
Independent Director Chiou, Jyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University Distinguished Professor of the Department of International Trade, National Chengchi University Independent Director of STL Technology Co., Ltd.	As independent directors who meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	1
Independent Director Jong Wen-Ren	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU Director of Computer Center of Information Technology, CYCU Central China University Deputy Director of Smart Manufacturing R&D Center of Central China University		0
Independent Director Lee Chen-Hung (Note 2)	National Chengchi University MBA Executive Director of Ernst & Young Financial Technology Co., Ltd. General Manager of Wisdom Securities Investment Consulting Co., Ltd. General Manager, UBS UBS Investment Trust		0

Note1: Chairman Management Corp. representative: Kao Chen-Sheng has resigned the position of independent director on 022/4/28.

Note2: Lee Chen -Hung was elected as an independent director on 2022/6/15.

2. Diversity and Independence of the Board of Directors

(a) Board Diversity

The Company promotes and respects the policy of director diversity, and believes that the diversity policy will help enhance the overall performance of the Company in order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors. The Board's Code of Practice adopted by the Board of Directors sets out the Board's Diversity Policy, which reads as follows: The composition of the Board of Directors shall take into account diversity and formulate appropriate

diversification policies in relation to its own operations, operational patterns and development needs, including but not limited to the following two criteria:

(a-1) Basic conditions and values: gender, age, nationality and culture, etc.

(a-2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. Board members shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities: operational judgment ability, accounting and financial analysis ability, operation management ability, crisis handling ability, industrial knowledge, international market view, leadership ability, and decision-making ability. The Company's current board of directors diversity policy and implementation are as follows:

Diversity Items

Diversity Items Name	Basic Component									Diversity Situation							
	Nationality	Gender	An employee of the Company	Age				Independent directors' tenure			Ability to conduct management administration	Ability to perform accounting and financial analysis	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make operational judgments
				41~50	51~60	61~70	71~80	Over3Years	3~6Years	Over 6 Years							
Independent Director Lee Chen-Hung (Note 2)	Taiwan R.O.C.	Male				✓					✓	✓	✓		✓	✓	✓

Note 1: Chairman Management Corp. has resigned the position of independent director on 2022/4/28.

Note 2: Lee Chen-Hung was elected as an independent director on 2022/6/15.

The current Board of Directors of the Company comprises eight Directors, and the specific management objectives and achievements of the diversity policy of the board of directors are as follows:

Management objectives	Reached situation
The number of independent directors seats is one-third of the number of directors	Reached
Directors who are also the managers of the company shall not exceed one-third of the number of directors' seats	Reached
Sufficient and diverse professional knowledge and skills	Reached

(III) Board Independence

The Company currently has 8 members of the Board of Directors, including 3 independent directors and 1 director with employee status (37.50% and 12.50% of all directors). As of the end of 2022, the independent directors have complied with the norms of the Securities and Futures Bureau of the Financial Regulatory Commission on independent directors, and there are no matters between the directors and independent directors under Article 26-3 of the Securities Exchange Act, items 3 and 4, the board of directors of the Company is independent (see page 19 to 20 of this annual report - Disclosure of the professional qualifications of directors and independent director independence), and the academic qualifications, gender and work experience of each director (please refer to pages 16 to 18 of this annual report - director information).

(IV) President and CEO、Vice Presidents、Assistant Vice Presidents and Heads of departments and branches

April 23, 2023 Unit: shares; %

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
President	Taiwan R.O.C.	Wang Chuan-Han	Male	April 1, 2023							Doctor of Engineering, University of Cambridge, UK General Manager of Liande Precision Industry Co., Ltd. Shanxi Hi-Tech Huaye Group Executive Vice President/Subsidiary General Manager TSMC Marketing Senior Manager Hong Kong Zhenmingli R&D Director/Vice President of Sales Chief Engineer of Automatic Control Project, Valmet, Finland	GM of Sales Business Unit				
President	Taiwan R.O.C.	Chen Pen-Yuan	Male	June 30, 2020	731,797	1.11%	(Note 3)	(Note 3)	(Note 4)	(Note 4)	Junior high school graduate Business Manager/Production Section Chief of Zhenhong Plastic Industry Co., Ltd. Director of Guangren Plastic Industry Co., Ltd.	(Note 1)	-	-	-	(Note 2)
Vice President	Taiwan R.O.C.	Liu Chiao-Lu	Male	February 1, 2012	-	-	-	-	-	-	Department of Accounting, Chinese Culture University M.J. - Vice President of Administration M.J. - Special Assistant of President Office Taiwan Oasis Technology Co., Ltd. - Vice President CHUNG SHING TEXTILE CO., LTD. - Junior Accounting Manager CPA registered in the mainland China		-	-	-	(Note 5)
Vice President of Accounting Office	Taiwan R.O.C.	Chen Tung-Li	Male	November 9, 2021	-	-	-	-	-	-	Master of Science in Financial Investment, CUNY M.J. - Special Assistant of President Office Vice President of Investment Management, Schroder Associate of Investment Research Department of Capital Investment Trust Corporation	-	-	-	-	(Note 6)

Special Assistant to the Chairman	Taiwan R.O.C.	Ho Chiang-Chun	Male	November 20, 2019	-	-	-	-	-	-	Graduate student of the Ph.D. program of the National Development and Mainland China Institute of Chinese Culture University Doctor of Economy & Management School, Wuhan University Guangzhou Lingnan Tongweng Education Invested - special assistant of the President concurrent the Acting President LiteOn Group-Director, Human Resource Division, China Enlight Corporation Group-Director of China General Management Office Aurora Communications-Director of General Management Department Director of Far East Airlines-Human Resources and General Affairs Tung-I Information Service -General Manager, Tainan Shop	-	-	-	-	-
GM of Business Unit	Taiwan R.O.C.	Chang Chih-Tai	Male	Mar 1, 2022	-	-	-	-	-	-	Master of International Business Institute, National Dong Hwa University Deputy General Manager of NEW BRIGHT INTERNATIONAL GROUP LIMITED General Manager of Business Unit of NEO-NEON HOLDINGS LTD. Special Assistant of president Office-Bao Der Marble Co., LTD.	-	-	-	-	-
GM of Business Unit	Taiwan R.O.C.	Lin Cheng-Ming	Male	April 1, 2023	-	-	-	-	-	-	Department of Mechanical Engineering, National Cheng Kung University, Yang Ming Optical Components Division BU head UMC New Generation Plant Design and Cost Improvement Department Technical Manager Head of Advanced Energy Technology Co., Ltd.	-	-	-	-	-

Vice President	Taiwan R.O.C.	Chen Jong-Wu	Male	July 20, 2020	-	-	-	-	-	-	PhD Chemical Engineering, National Taiwan University R&D Director, Jingyou Technology Research Fellow, Plastic Center Research and Development R&D Associate Research Fellow, Industrial Technology Research Institute Assistant Professor Chemical Engineering, Feng Chia University	-	-	-	-	-
GM of Business Unit	Taiwan R.O.C.	Peng Shao-Tseng	Male	July 4, 2016	-	-	-	-	-	-	National Taiwan University EMBA The City University of New York MBA Independent Advisor KPMG Corporate Finance Co., Ltd., Business Process Reengineering -Vice President/Assistant Vice President/Manager Li Xin International Development Co., Ltd. - President North Bay Golf Recreation Co., Ltd. - Planning/Vice President of Financial Management/Assistant Vice President/Manager	-	-	-	-	-
Vice President	Taiwan R.O.C.	Wang Hugn-Chih	Male	November 10, 2022	-	-	-	-	-	-	On-the-job Master of Accounting, National Taipei University Master of Chemical Engineering, National Taiwan University of Science and Technology Special Assistant of Jingding Precision Finance and Accounting Department/Subsidiary Chengding and Kainuo Legal Person Supervisor Deputy General Manager of Taiwan Yihua Biotechnology Independent Director of Shengtai Technology Associate Director and Chief Financial Officer of Jingding (later changed to Jingding) Energy Technology Management Center Senior Assistant Manager of Central Economics and Management of Hon Hai Precision Group	Spokesperson/Accounting Executive/Head of Corporate Governance	-	-	-	-

											Lite-On Technology DDBU Business Planning Senior Manager					
Vice President	China	Li Liang-You	Male	June 1, 2018	-	-	-	-	-	-	Wanzai Vocational Technical School (mainland China) M.J. - Section Chief of Supplies Section, Production Control Department M.J. - Section Chief of Quality Assurance Department M.J. - Manager of Manufacturing Department	-	-	-	-	-
General Audit	Taiwan R.O.C.	Hung Ming-Ji	Male	November 11, 2019	-	-	-	-	-	-	Dept. of Business Management, National Taiwan University of Science and Technology Manager of the audit office and finance dept., Mibtech Plastic & Molds Co., Ltd Vice manager of the audit office, Sunvic Technology Co., Ltd. Vice manager of the finance and accounting dept., Top Yang Technology Enterprise Co., Ltd. Vice manager of the finance and accounting dept., Lian Hong Art Co., Ltd. Chief of the finance and accounting sector, I-Chiun Precision Industry Co., Ltd.	-	-	-	-	-
Accounting Supervisor	Taiwan R.O.C.	Tsai Shu-Hsia	Female	Nov 9, 2021	6,008	0.01%	-	-	-	-	Department of Accounting, Shih Chien University Certified Internal Auditors (CIA) Associate Manager of Deloitte Touche Tohmatsu	-	-	-	-	-

Note 1: Hold the position as the president concurrently in M.J. International Flooring and Interior Products Inc, Opulent International Group Limited, Prolong International Co., Limited, Fullhouse Investments Limited , Dongguan Prolong Plastic Products Co., Ltd. and Dongguan MeiJer Plastic Products Co., Ltd..

Note 2: Wang Chuan Han took over the position as President.

Note 3: Chen Pen-Yuan's spouse holds 100% of the equity of ALPHA MARVEL CORPORATION. ALPHA MARVEL CORPORATION holds 4.23% of the equity of the Company.

Note 4: Chen Pen-Yuan holds 100% of the equity of Black Dragon Assets Limited. Dragon Assets Limited holds 6.78% of the equity of the Company.

Note 5: Vice president Liu Chiao-Lu has retired on December 31, 2022.

Note 6: Vice president Chen Tung-Li has resigned on June 30, 2022.

Note 7: GM of Business Unit Peng Shao-Tseng has resigned on January 31, 2023.

Note 8: Accounting Supervisor took over by Wang Hugn-Chih on 2022/11/16 due to job adjustment.

III. Remuneration to Directors、Supervisors、President and Vice Presidents

(I) Remuneration to Directors、Supervisors、President and Vice Presidents in the most recent year

1. Remuneration to Directors (including Independent Directors)

Unit: NTD Thousand

Job title	Name	Remuneration to directors								The sum of A, B, C and D in proportion to earnings		Remuneration received in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to earnings		Remuneration from investees other than subsidiaries
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		For professional practice (D)				Salary, bonus and special allowance, et al. (E)		Pension (F)		Remuneration to employees (G)						
		the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	All companies included in the financial statements	
Chairman of Board	Black Dragon Assets Limited	-	6,795	-	-	1,970	1,970	24	24	1,994 1.39%	8,789 6.13%	-	-	-	-	1,030	-	1,030	-	3,024 2.11%	9,810 6.84%	-
	Representative: Chen Pen-Yuan																					
	Representative: Chen Chien-Yuen(Note1)																					
Director	CROWN HARVEST COMPANY LIMITED	-	-	-	-	985	985	24	24	1,009 0.7%	1,009 0.7%	-	-	-	-	-	-	-	-	1,009 0.7%	1,009 0.7%	-
	Representative: Chen Chien-Ming																					
Director	Chairman Management Corp.	-	-	-	-	-	-	6	6	6 0%	6 0%	-	-	-	-	-	-	-	-	6 0%	6 0%	-
	Representative: Kao Chen-Sheng (Note 1)																					
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-	-	-	-	985	985	-	-	985 0.69%	985 0.69%	-	-	-	-	-	-	-	-	985 0.69%	985 0.69%	-
	Representative: Ho Ping-Hsien																					
Director	Lin An-Hsiu	-	-	-	-	985	985	24	24	1,009 0.7%	1,009 0.7%	-	-	-	-	-	-	-	-	1,009 0.7%	1,009 0.7%	-
Director	Hsieh Ming-Feng	-	-	-	-	985	985	24	24	1,009 0.7%	1,009 0.7%	-	-	-	-	-	-	-	-	1,009 0.7%	1,009 0.7%	-
Independent Director	Jong Wen-Ren	415	415	-	-	-	-	24	24	439 0.31%	439 0.31%	-	-	-	-	-	-	-	-	439 0.31%	439 0.31%	-
Independent Director	Chiou, Jyh-Shen	415	415	-	-	-	-	24	24	439 0.31%	439 0.31%	-	-	-	-	-	-	-	-	439 0.31%	439 0.31%	-

Independent Director	Lee Chen-Hung (Note 2)	242	242	-	-	-	-	18	18	260 0.18%	260 0.18%	-	-	-	-	-	-	-	-	260 0.18%	260 0.18%	-
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Note 1: Chairman Management Corp. has resigned the position of independent director on 2022/4/28.

Note 2: Lee Chen-Hung was elected as an independent director on 2022/6/15.

Breakdown of remuneration

Breakdown of remuneration to directors	Name of director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements
Less than NT\$1,000,000	Chairman Management Corp. (Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account (Representative: Ho Ping-Hsien), Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung	Chairman Management Corp. (Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account (Representative: Ho Ping-Hsien), Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung	Chairman Management Corp. (Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account (Representative: Ho Ping-Hsien), Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung	Chairman Management Corp. (Representative: Kao Chen-Sheng), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account (Representative: Ho Ping-Hsien), Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)	Black Dragon Assets Limited (Representative: Chen Pen-Yuan), CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Lin An-Hsiu, Hsieh Ming-Feng,	CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Lin An-Hsiu, Hsieh Ming-Feng,	Black Dragon Assets Limited (Representative: Chen Pen-Yuan), CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Lin An-Hsiu, Hsieh Ming-Feng,	CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming), Lin An-Hsiu, Hsieh Ming-Feng,
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)		Black Dragon Assets Limited (Representative: Chen Pen-Yuan)		Black Dragon Assets Limited (Representative: Chen Pen-Yuan)
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

Note: Chairman Management Corp. has resigned the position of independent director on 2022/4/28

Lee Chen-Hung was elected as an independent director on 2022/6/15

2. Remuneration to supervisors: N/A, because the Company has already established the Audit Committee.

3. Remuneration to President and Vice Presidents

Unit: NT\$ thousand; %

Job title	Name	Salary (A)		Pension (B)		Bonus and special allowance, et al. (C)		Remuneration (D)				The sum of A, B, C and D in proportion to earnings		Remuneration from investees other than subsidiaries
		the Comp any	All companies included in the financial statements	the Com pany	All companies included in the financial statements	the Compa ny	All companies included in the financial statements	the Company		All companies included in the financial statements		the Company	All companies included in the financial statements	
								Bonu s in cash	Bonus in the form of stock	Bonus in cash	Bonus in the form of stock			
President	Chen Pen-Yuan	-	18,020	-	918	-	4,893	-	-	1,571	-	-	25,402 17.70%	-
Vice President	Ho Chiang-Chun													
CEO	Wang Chuan-Han													
GM of Business Unit	Chang Chih- Tai													
GM of Business Unit(Note 1)	Peng Shao-Tseng													
Vice President	Chen Jong-Wu													
Vice President	Wang Hugn-Chih													
Vice President (Note 2)	Chen Tung-Li													
Vice President (Note 3)	Liu Chiao-Lu													
Vice President	Chen Chien-Cheng													

Vice President	Lee Liang- You													
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Note 1: Peng Shao-Tseng transferred as special assistant to the chairman on November 18, 2022

Note 2: Chen Tung-Li has resigned on June 30, 2022.

Note 3: Liu Chiao-Lu transferred as special assistant to the chairman on November 11, 2022 and retired on December 31, 2022

Breakdown of remuneration

Breakdown of remuneration to President and Vice President of the Company	Name of President and Vice President	
	the Company	All companies included in the financial statements
Less than NT\$1,000,000	-	Chen Chien-Cheng 、 Wang Hugn-Chih 、 Chen Tung-Li
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	Lee Liang-You 、 Liu Chiao-Lu
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	Ho Chiang- Chun 、 Chen Jong-Wu 、 Wang Chuan-Han 、 Chang Chih- Tai 、 Peng Shao-Tseng
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	Chen Pen-Yuan
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	-	11 persons

4. Name of the manager whom the employee bonus was allocated to in the most recent year and status of the allocation:

Unit: NT\$ thousand; %

	Job title	Name	Bonus in the form of stock	Bonus in cash	Total	Total in proportion to earnings (%)
Manager	President	Chen Pen-Yuan (Note 1)	-	1,571	1,571	1.09%
	Vice President	Liu Chiao-Lu (Note1)				
	Vice President	Peng Shao-Tseng				
	Vice President	Lee Liang-You				
	Vice President	Chen Jong-Wu				
	Vice President	Ho Chiang- Chun				
	Vice President	Chang Chih- Tai				
	Vice President	Chen Tung-Li (Note2)				
	Vice President	Wang Chuan-Han				
	Vice President	Wang Hugn-Chih				
	Account Officers	Tsai Shu-Hsia (Note3)				
	Vice President	Chen Chien-Cheng				

Note 1: Vice President Liu Chiao-Lu has retired on December 31, 2022.

Note 2: Vice President Chen Tung-Li has resigned on June 30, 2022.

Note 3: Accounting Supervisor transferred from Tsai Shu-Hsia to Wang Hugn-Chih due to job adjustment on November 16, 2022.

(a) The top of five supervisors Remuneration

Unit: NT\$ thousand

Job title	Name	Salary (A)		Pension (B)		Bonus and special allowance, et al. (C)		Remuneration (D)				The sum of A, B, C and D in proportion to earnings%		Remuneration from investees other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Bonus in cash	Bonus in the form of stock	Bonus in cash	Bonus in the form of stock			
President	Chen Pen-Yuan	0	3,720	0		0	2,825	0	0	500	0	0	7,045 4.91%	0
CEO	Wang Chuan-Han	0	2,400	0	108	0	600	0	0	0	0	0	3,108 2.17%	0
Vice President	Ho Chiang- Chun	0	1,940	0	108	0	247	0	0	300	0	0	2,595 1.81%	0
Vice President	Chen Jong-Wu	0	1,924	0	105	0	202	0	0	100	0	0	2,331 1.62%	0
GM of Business Unit	Peng Shao-Tseng	0	1,892	0	108	0	192	0	0	120	0	0	2,312 1.61%	0

(II) Please specify and compare the remuneration to directors, supervisors, President and vice presidents of the Company in proportion to the earnings from the Company and companies included in the consolidated financial statements in the latest 2 years, and specify the policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance.

Unit: NT\$ thousand

Item \ Year	2021		2022	
	Total remuneration	in proportion to earnings (%)	Total remuneration	in proportion to earnings (%)
Director	9,858	14.37%	13,945	9.72%
President and Vice President	14,086	20.54%	25,402	17.70%

The total remuneration paid to directors, president and vice presidents in proportion to earnings in 2021 and 2022 was 34.91% and 27.42% respectively. The remuneration was allocated pursuant to the Company's Articles of Incorporation and related payroll regulations. Meanwhile, the Company has established the Remuneration Committee in October 2014, which consisted of the independent directors and engaged in periodically reviewing and assessing the performance of directors and managers, as well as policies, systems, standards and structures of remuneration, which shall afford to signify the liability and risk borne by them.

IV. Status of corporate governance

(I) Operation of the Board of Directors

The Board has held 4 (A) sessions in 2022, and the attendance of directors is specified as following:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)	Remark
Chairman of Board	Black Dragon Assets Limited Representative: Chen Pen-Yuan	4	0	100%	
Director	CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming	4	0	100%	
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	1	3	25%	
Director	Chairman Management Corp. Representative: Kao Chen-Sheng	1	0	25%	(Note 1)
Director	Lin An-Hsiu	4	0	100%	
Director	Hsieh Ming-Feng	4	0	100%	
Independent Director	Jong Wen-Ren	4	0	100%	
Independent Director	Chiou, Jyh-Shen	4	0	100%	
Independent Director	Lee, Chen-Hung	2	0	50%	(Note 2)

Note 1: Chairman Management Corp and its representative Kao Chen-Sheng resigned as a corporate director on April 28, 2022.

Note 2: Lee, Chen-Hung appointed as an Independent Director on June 15, 2022.

Other notes:

I. Where the operation of the Board of Directors meets any of the following circumstances, please clearly state the meeting date, term, contents of motion, opinions of all independent directors and the Company's handling of said opinions:

(I) The circumstances referred to in Article 14~3 of the Securities and Exchange Act:
None.

December 31, 2022				
Date of Board of Directors Meeting	Proposal content and resolution	Opinions of independent directors	The company's handling of independent directors' opinions	Independent directors hold objections or reservations and have records or written statements
March 17, 2022 3th Directors' Meeting of 6th Term	Cause : Proposal for 2021 "Statement of Internal Control System" Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval of 2021 Business Report and Consolidated Financial Statement. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for 2021 profit distribution Resolution : Passed according to the case.	None	None	None
	Cause : Proposal of the subsidiaries, Opulent International Group Limited Taiwan Branch to added Credit Line extend the credit contracts with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Company to make endorsements/guarantees to subsidiaries, Opulent International Group Limited (Taiwan) Resolution : Passed according to the case.	None	None	None
	Cause : Amendment to the Company's " Regulations Governing Acquisition or Disposition of Assets" Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for Revision of the company's "inventory management policy" Resolution : Passed according to the case.	None	None	None
	Cause : Compensation plan for employees and directors of the company in 2021. Resolution : Passed according to the case.	None	None	None
	Cause : Annual bonus distribution plan for the chairman and manager of our company. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval certified accountants and their remuneration. Resolution:Passed according to the case.	None	None	None
	Cause : Proposal for the approval of the independency and adaptability assessment on certified accountants of the Company.	None	None	None

	Resoluton : Passed according to the case.			
May 12,2022 4th Directors' Meeting of 6th Term	Cause : The investment budget of the new Tainan plant of the company's subsidiary M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal of the subsidiaries, Opulent International Group Limited Taiwan Branch and M.J. International Flooring And Interior Products Inc. to added Credit Line extend the credit contracts with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Company to make endorsements/guarantees to subsidiaries, Opulent International Group Limited Taiwan Branch and M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	None	None	None
August 25,2022 5th Directors' Meeting of 6th Term	Cause : Proposal for the approval of 2022 H1 Consolidated Financial Statement. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal of the subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited and Opulent International Group Limited Taiwan Branch and Dongguan Mei Jer Plastic Products Co., Ltd. to added Credit Line with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Company to make endorsements/guarantees to subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited and Opulent International Group Limited Taiwan Branch. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Dongguan Prolong Plastic Products Co., Ltd. to make endorsements/guarantees to subsidiaries, Dongguan Mei Jer Plastic Products Co., Ltd. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for loaning of funds between the secondary subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : Add and revise the Internal Control System of the Company and its subsidiaries Resolution : Passed according to the case.	None	None	None
November 10, 2022 6th Directors'	Cause : Proposal of pass the "2023 Internal Audit Plan" of our company Resolution : Passed according to the case.	None	None	None
	Cause : 2023 Total Quota for Derivative	None	None	None

Meeting of 6th Term	Commodity Transactions Resolution : Passed according to the case.			
	Cause : The company's subsidiary handles the adjustment and new line credit contract with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : The company provides endorsement guarantee adjustments and new additions for subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for loaning of funds between the secondary subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : The company's finance and accounting supervisor and senior executives change case. Resolution : Passed according to the case.	None	None	None

(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. In instances where a director recused himself/herself due to a conflict of interest, please clearly state the director's name, contents of the motion, reason for conflict of interest and actual voting counts:

Date of Board of Directors Meeting	Name of the director	Contents of motion	Reason for conflict of interest	Actual voting counts
2022/03/17	Chen Pen-Yuan	Compensation plan for employees and directors of the company in 2021	The motion is related to the remuneration of the directors themselves	Except for the directors who have avoided the discussion and voting in accordance with the law, the remaining directors present have no objection and passed the proposal.
	Chen Chien-Ming			
	Kao Chen-Sheng			
	Lin An-Hsiu			
	Hsieh Ming-Feng			

Date of Board of Directors Meeting	Name of the director	Contents of motion	Reason for conflict of interest	Actual voting counts
2022/03/17	Chen Pen-Yuan	Annual bonus distribution plan for the chairman and manager of the company	The motion is related to the chairman themselves	Except for the directors who have avoided the discussion and voting in accordance with the law, the remaining directors present have no objection and passed the proposal.

III. The status of performing self-assessment by the Company's Directors:

The Company has passed the "Performance Assessment Measure by the Board of Directors" on March 5, 2020, and expects to commence it on March 17, 2023. The expected practices related with assessment pursuant to the Measure are stated as follows.

Cycle of Assessment	Duration	Scope	Method	Item
Once a year	January 1, 2022 to December 31, 2022	Board of Directors	Self-assessment by the Board of Directors	<ol style="list-style-type: none"> 1. The degree engaged in the operation of the Company. 2. Improve the decision-making quality of the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election and constant advanced program of Director. 5. Internal control.

IV. Measures undertaken during the current year and the most recent year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment on their implementation: The Company has established the “Regulations Governing Operation of Board of Directors Meetings” as the guidelines for operation of the Board of Directors meetings. Meanwhile, the Company has resolved at the Board of Directors meeting on October 20, 2014 to establish the Audit Committee and Remuneration Committee, and also disclosed its related information on its website and MPOS pursuant to laws to improve information transparency.

(II) Operation of the Audit Committee

The Committee has held 4 (A) sessions in 2022, and the attendance of independent directors is specified as following:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)	Remark
Independent Director	Lee, Chen-Hung	2	0	50%	(Note1)
Independent Director	Chiou, Yyh-Shen	4	0	100%	
Independent Director	Jong Wen-Ren	4	0	100%	

Note 1: Independent director, Lee, Chen-Hung took office in the by election of the shareholders' meeting on 2022/6/15.

Other notes:

- I. For resolution(s) passed pursuant to Article 14~5 of the Securities and Exchange Act and any other resolution(s) passed upon approval of more than two-thirds of the whole directors instead of the Audit Committee, please clearly state the meeting date, term, contents of motion and resolution of the Committee, and the Company's handling of the Audit Committee members' opinions: None.

Audit Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the audit committee
March 17, 2022 3th Audit Committee' Meeting of 4th Term	March 17, 2022 3th Directors' Meeting of 6th Term	Cause : Proposal for 2021 "Statement of Internal Control System" Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal of the subsidiaries, Opulent International Group Limited Taiwan Branch to added Credit Line extend the credit contracts with the bank. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval of 2021 Business Report and Consolidated Financial Statement. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for 2021 profit distribution Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the Company to make endorsements/guarantees to subsidiaries, Opulent International Group Limited Taiwan Branch. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Amendment to the Company's " Regulations Governing Acquisition or Disposition of Assets" Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for Revision of the company's "inventory management policy" Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval of the independency and adaptability assessment on certified accountants of the Company. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval certified accountants and their remuneration. Resolution:Passed according to the case.	All the directors present agreed to pass.
May 12, 2022 4th Audit	May 12, 2022 4th Directors'	Cause : The investment budget of the new Tainan plant of the company's subsidiary M.J. International Flooring And Interior	present agreed to pass.

Audit Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the audit committee
Committee' Meeting of 4th Term	Meeting of 6th Term	Products Inc. Resolution : Passed according to the case.	
		Cause : Proposal of the subsidiaries, Opulent International Group Limited Taiwan Branch and M.J. International Flooring And Interior Products Inc. to added Credit Line extend the credit contracts with the bank. Resolution : Passed according to the case.	present agreed to pass.
		Cause : Proposal for the Company to make endorsements/guarantees to subsidiaries, Opulent International Group Limited Taiwan Branch and M.J. International Flooring And Interior Products Inc. Resolution : Passed according to the case.	present agreed to pass.
August 25,2022 5th Audit Committee' Meeting of 4th Term	August 25,2022 5th Directors' Meeting of 6th Term	Cause : Proposal for the approval of 2022 H1 Consolidated Financial Statement. Resolution : Passed according to the case.	present agreed to pass.
		Cause : Add and revise the Internal Control System of the Company and its subsidiaries Resolution : Passed according to the case.	present agreed to pass.
		Cause : Proposal of the subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited and Opulent International Group Limited Taiwan Branch and Dongguan Mei Jer Plastic Products Co., Ltd. to added Credit Line with the bank. Resolution : Passed according to the case.	present agreed to pass.
		Cause : Proposal for the Company to make endorsements/guarantees to subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited and Opulent International Group Limited Taiwan Branch. Resolution : Passed according to the case.	present agreed to pass.
		Cause : Proposal for the Dongguan Prolong Plastic Products Co., Ltd. to make endorsements/guarantees to subsidiaries, Dongguan Mei Jer Plastic Products Co., Ltd. Resolution : Passed according to the case.	present agreed to pass.
		Cause : Proposal for loaning of funds between the secondary subsidiaries. Resolution : Passed according to the case.	present agreed to pass.
November 10,2022 6th Audit Committee' Meeting of 4th Term	November 10,2022 6th Directors' Meeting of 6th Term	Cause : Proposal of pass the "2023 Internal Audit Plan" of our company Resolution : Passed according to the case.	present agreed to pass.
		Cause : 2023 Total Quota for Derivative Commodity Transactions Resolution : Passed according to the case.	present agreed to pass.
		Cause : The company's subsidiary handles the adjustment and new line credit contract with the bank. Resolution : Passed according to the case.	present agreed to pass.
		Cause : The company provides endorsement guarantee adjustments and new additions for subsidiaries. Resolution : Passed according to the case.	present agreed to pass.
		Cause : Proposal for loaning of funds between the secondary subsidiaries. Resolution : Passed according to the case.	present agreed to pass.
		Cause : The company's finance and accounting supervisor and senior executives change case. Resolution : Passed according to the case.	present agreed to pass.

- II. In instances where an independent director recused himself/herself due to a conflict of interest, please clearly state the independent director's name, contents of the motion, reason for conflict of interest and actual voting counts: None
- III. Communication between independent directors and internal auditing officers as

well as CPAs on the Company's financial position and business overview, such as items discussed, means of communication and results, etc.:

- (I) Communication between independent directors and internal audit supervisors and Accountants
1. Invite certified public accountants to attend the audit committee at least four times a year, report to the audit committee on the results of the company and its subsidiaries' financial report review and internal control review, and fully communicate whether there are major adjustment entries or legal amendments that have significant impact ; When necessary, hold communication meetings with accountants at any time.
 2. In addition to regularly sending audit reports and follow-up reports to independent directors for inspection by the company's internal audit unit, the internal audit supervisor and independent directors will conduct regular meetings at least once a quarter through the audit committee to report on the implementation status of the audit plan and the lack of improvement. And timely reply to directors' questions on various auditing business; in case of major abnormal events, they can convene meetings at any time.
 3. Independent directors and certified public accountants communicate on the results of the financial report review and the communication required by relevant laws and regulations, and evaluate and review the independence of the accountants every year.
- (II) Summary of communication between independent board of directors and Accountants

The communication between independent directors and accountants is good

Audit Committee Meeting Date	Communication focus	Directors' suggestions	Processing execution results
March 17,2022	Independent directors evaluate and discuss the annual remuneration of accountants and the independence and competence of certified accountants.	None	The annual appointment and evaluation of accountants are approved by the Audit Committee and submitted to the 3th Directors' Meeting of 6th Term on March 17, 2022.
	The accountant explained the key audit items of the 2021 consolidated financial report and the audit results of the financial report.	None	The 2021 consolidated financial report was approved by the Audit Committee and submitted to the 3th Directors' Meeting of 6th Term on March 17, 2022.
May 12,2022	The accountant explained the review results of the 2022 first quarter financial report.	None	The consolidated financial report for the first quarter of 2022 was approved by the Audit Committee and submitted to the 4th Directors' Meeting of 6th Term on May 12, 2022.
August 25,2022	The accountant explained the review results of the business report for the second quarter of 2022.	None	The consolidated financial report for the second quarter of 2022 was approved by the Audit Committee and submitted to the 5th Directors' Meeting of 6th Term on August 25, 2022.
November 10, 2022	The accountant explained the review results of the 2022 third quarter financial report. The accountant explained the time, check method and key check items of the 2022 financial report .	None	The consolidated financial report for the third quarter of 2022 was approved by the Audit Committee and submitted to the 6th Directors' Meeting of 6th Term on November 10, 2022.

(III) Summary of the communication between the independent board of directors and the audit supervisor.

Date	Communication focus	Director's Recommendation	Processing execution results
March 17,2022 Audit Committee	Report on internal audit business in the Q4 of 2021 Self assessment of internal control in 2021 (statement of internal control system)	None	After reporting to the Audit Committee, the 6th Report of the 6 term of the Board of Directors on March 17, 2022.
May 12,2022 Audit Committee	Report on internal audit business in the Q1 of 2022	None	After reporting to the Audit Committee, the 16th Report of the 6 term of the Board of Directors on May 12, 2022.
August 25,2022 Audit Committee	Report on internal audit business in the Q2 of 2022	None	After reporting to the Audit Committee, the first Report of the 6 term of the Board of Directors on August 25, 2022.
November 10, 2022 Audit Committee	Report on internal audit business in the Q3 of 2022 2023 audit plan	None	After reporting to the Audit Committee, the second Report of the 6 term of the Board of Directors on November 10, 2022.

(IV) Status of corporate governance, deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the “Corporate Governance Best-Practice Principles” as the Company’s basis for operating the corporate governance, and implemented the same strictly.	No material deviation exists.
II. Equity structure and shareholders’ equity (I) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		(I) The Company designates its spokesperson and deputy spokesperson to handle shareholders’ proposals, doubts and disputes, organizes the shareholders’ meetings pursuant to the Company Act and related laws, and establishes the parliamentary rules for shareholders’ meetings to grant the shareholders appropriate powers.	No material deviation exists.
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	✓		(II) The Company may control the information about variance in shares held by major shareholders and declare the shareholdings pursuant to laws via the professional shareholders service	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			agent.	
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) The Company implements effective risk control pursuant to the related regulations governing internal control and internal audit systems.	
(IV) Has the Company established internal policies that prevent insiders from trading securities based on non-public information?	✓		(IV) The Company has established the “Regulations Governing Prevention of Insider Trading” to prevent any misconduct.	
III. Composition and responsibilities of the Board of Directors				No material deviation exists.
(I) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?	✓		(I) The Board of Directors of the current term consists of 8 directors. The composition thereof has taken into consideration the diversified policies satisfying the Company’s operation, business type and development needs to render benefits for the Company.	
(II) Whether the Company, in addition to establishing the Audit Committee and Remuneration Committee, pursuant to laws, is willing to establish any other functional committees voluntarily?		✓	(II) Except the Audit Committee and Remuneration Committee, the Company doesn’t establish any other functional committees.	
				In the future, other functional committees will be set up according to needs.

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			Notwithstanding, the Company does establish the relevant regulations and control mechanism for various operations. In the future, other functional committees will be set up according to needs.	
(III) Has the Company established Regulations for Evaluating the Performance of the Board and its Evaluation method, conducted performance evaluation regularly each year, submitted the performance evaluation results to the board and taken the results as a reference for determining the remuneration of individual directors and nomination for re-election?	✓		(III) The board of the Company approved the Regulations for evaluating the performance of the board on March 5, 2020. The performance evaluation will be conducted regularly each year. The evaluation methods include internal self-evaluation of the board, self-evaluation of the members of the board, peer evaluation and evaluation done by entrusting external professional institute. The 2022 evaluation has been completed by the first quarter of 2023 and the results have been submitted to the 6th Board of Directors for approval on 17 March 2023.	
(IV) Whether the company has established regular assessment to the external auditors' independence each year.	✓		(IV) The Company will assess the external auditors' independence each	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			year. Please refer to the notes for details.	
IV. Has the TWSE/TPEX listed company established suitable appropriate number of corporate governance personnel, appointed chief corporate governance officer to be in charge of relevant affairs for corporate governance (including but not limited to providing the directors and supervisors with required information to carry out their business, assisting the directors and supervisors on law compliance, handling board meeting and shareholders' meeting related matters in accordance with the law, preparing minutes of board meeting and shareholders' meeting)?	✓		The company has dedicated personnel responsible for corporate governance-related matters, handling matters related to the board of directors and shareholders' meetings, and preparing minutes of the board of directors and shareholders' meetings in accordance with the law. However, the company has not yet designated a director of corporate governance and will be set up in accordance with the company's evaluation of the company's operation and development.	No material deviation exists.
V. Does the Company have established a communication channel for the stakeholders (including but not limited to, shareholders, employees, customers and suppliers), set the stakeholder section on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	✓		The Company identifies the related stakeholders subject to the degree of dependence between the business administration and internal/external personnel (individuals/juristic persons/groups). The Company has also disclosed the stakeholder section to respond to the questions about stakeholders on the Company's website.	No material deviation exists.
VI. Does the Company have commissioned a professional shareholders service agent to handle shareholders' meeting affairs?	✓		The company appointed China Trust Commercial Bank, a professional stock agency, to handle stock affairs and shareholders' meetings.	No material deviation exists

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
VII. Information disclosure				No material deviation exists
(I) Whether the Company has established a website that discloses the information about financial position, business overview and corporate governance?	✓		(I) The Company has set up the official website where the investor section is established to update the Company's information from time to time.	No material deviation exists
(II) Whether the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company's website)?	✓		(II) The Company designates dedicated personnel responsible for collecting and disclosing the corporate information and implements the spokesperson system. The investor conferences will also be posted on the Company's website.	
(III) Whether the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the regulation?		✓	(III) The Company announced the Q1, Q2, Q3 and annual financial statement and monthly operation status in advance prior to the regulated deadline. As for annual financial statement, the Company cannot announce it within two months after the end of the accounting year in advance due to the audit schedule of overseas subsidiaries.	The company handles the financial report announcement and reporting deadlines in accordance with Article 36 of the Securities and Exchange Law of the place where the company is listed.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate	✓		The Company is used to caring employees' benefits, and establishes various management regulations	No material deviation exists

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and maintenance of liability insurance for the Company's directors and supervisors)?			and requirements, such as salary, promotion, rewards and punishments, leave and social insurance, which comply with the local laws and regulations. Employees shall take the health check-up periodically during their employment. The Company provides meal allowance or clean and sanitary meals, as well as the dormitory for employees or accommodation allowance, and various subsidies for marriage, funeral, festival, birthday celebration and trips to take care of the employees physically and mentally. Meanwhile, when selecting suppliers, the Company will consider whether the supplier's social responsibility commitment and performance comply with the standard requirements under the SA8000 system as the first priority, and assess their ability if necessary. Upon the assessment, the suppliers considered qualified will be included into the Company's roster of qualified suppliers. The Company will also ask the suppliers to sign the "Supplier Corporate Social Responsibility Commitment Statement" and demand that they	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			should conduct self-assessment on their fulfillment of social responsibility periodically. Meanwhile, the Company also establishes various communication channels for stakeholders to mitigate or prevent potential operational risk. The Company's directors will complete continuing education each year, in hopes of enhancing the functions of the Board of Directors. The company shall take out supervisors and key staff liability insurance with respect to liabilities resulting from the exercise of duties during their terms, to enhance corporate governance.	
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies.	✓		The Company has established the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best-Practice Principles" and "Corporate Social Responsibility Best-Practice Principles", and participated in the corporate governance evaluation for the first time in 2017. The Company sets its improvement plan based on the self-audit report on corporate governance, in hopes of practicing the spirit of corporate governance to the enterprise's culture.	No material deviation exists.

Note: Accountant's Independence Assessment

Assessment Item	Assessment results	Is there independence
1. The appointed accountant has no significant financial interest in the company or related companies.	Yes	Yes
2. Appoint an accountant to avoid any inappropriate relationship with the company or related companies.	Yes	Yes
3. The appointment of accountants should ensure that their assistants observe integrity, impartiality and independence.	Yes	Yes
4. The appointed accountant currently or within the last two years has not served as a director, supervisor or manager of the company or affiliated companies, or has a significant influence on the audit case?	Yes	Yes
5. Has the joint certified public accountant of the joint accounting firm to which the accountant belongs has not served as a director or manager of the company or a position that has a significant influence on the audit case within one year? It is also determined that he will not hold the aforementioned related positions during the future audit period.	Yes	Yes
6. The name of the appointed accountant shall not be used by others.	Yes	Yes
7. The appointed accountant shall not have money borrowing from the company or affiliated companies.	Yes	Yes
8. Appointed accountants shall not concurrently operate other businesses that may lose their independence	Yes	Yes
9. The appointed accountant shall not charge any commission related to the business.	Yes	Yes
10. Appointed accountants shall not concurrently hold regular jobs in the company or affiliated companies, and receive a fixed salary.	Yes	Yes
11. The appointed accountant shall not hold the shares of the company or related enterprises.	Yes	Yes
12. The appointed accountant shall not have a joint investment or benefit-sharing relationship with the company.	Yes	Yes
13. The appointment of an accountant shall not be involved in the management functions of the Company or its affiliates in making decisions	Yes	Yes
14. As of the most recent visa operation, there have been no cases of non-replacement for seven years.	Yes	Yes
15. Complete the visa for the company's financial statements on schedule	Yes	Yes
16. Whether the appointed accountant has made positive recommendations on the company's system and internal control audit.	Yes	Yes
17. Appoint an accountant to update the company's tax and regulatory laws on their own initiative.	Yes	Yes
Note: In addition to self-assessing the independence of certified accountants, the company has also obtained a declaration of independence issued by accountants		

(IV) Describe the composition, duties and operations of the remuneration committee established by the Company, if any:

1. Information about Remuneration Committee members

Capacity (Note1) Name		Qualifications	Professional qualifications and experience (Note1)	Independence analysis (Note2)	Number of other public companies at which the person concurrently serves as remuneration committee member
Convenor and Independent Director	Chiou, Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University	Compliance with the independence scenario , please refer to P.19~P.20 , compliance with the independence scenario .	1	
Independent Director	Jong Wen-Ren	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU	Compliance with the independence scenario , please refer to P.19~P.20 , compliance with the independence scenario .	0	
Independent Director	Lee, Chen-Hung	MBA in National Chengchi University Executive Director of Anyone Fintech LTD., Managing Director of Global Asset Management	Compliance with the independence scenario , please refer to P.19~P.20 , compliance with the independence scenario .	0	

Note1 : Please refer to P.16~P.18 about the information about the directors.

Note 2: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 year

2. Remuneration Committee Duties

The Remuneration Committee, with the attention of a good administrator, faithfully performs the following functions and powers set forth in the Rules of Organization and will propose them submitted to the Board of Directors for discussion.

- Periodically review the Constitution of the Remuneration Committee and make suggestions for amendments.
- To establish and regularly review the policies, systems, standards and structures for the annual and long-term performance appraisal and remuneration of directors, supervisors and managers.
- To regularly evaluate the achievement of the performance objectives of the directors, supervisors and managers of the Company and to determine the content and amount of their individual remuneration.

3. Operation of the Remuneration Committee

- (a) The Company's Remuneration Committee consists of 3 members.
- (b) The term of office to be served by the current members: From August 26, 2021 to August 11, 2024. The Remuneration Committee has held 4 (A) meeting in the most recent year, and the members' qualification and attendance are summarized as follows:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A) (Note 1)	Remark
Convener	Chiou, Yyh-Shen	3	0	100%	serving consecutive terms
Member	Jong Wen-Ren	3	0	100%	serving consecutive terms
Member	Lee, Chen-Hung	2	0	67%	newly serving, serve position of independent director on 2022/6/15

Other notes:

Note 1: Lee, Chen-Hung serve position of independent director on 2022/6/15.

- I. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reason): None.
- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

Note 1 :

- (1) Where any of the Remuneration Committee members may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of the Committee meetings held during each member's term and the counts of the member's actual attendance to the meetings.
- (2) Where a reelection may be held for filling the vacancies of the Remuneration Committee members before the end of the fiscal year, please list both the new and the discharged members, and specify if they are the former members, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated based on the number of the Committee meetings held during each member's term and the counts of the member's actual attendance to the meetings.

Remuneration Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the Remuneration Committee
March 17, 2022 3th of 4th Term	March 17, 2022 3th of 6th Term	Cause : Compensation plan for employees and directors of the company in 2021 Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The year-end bonus distribution case for the chairman and managers of the company. Resolution : Passed according to the case..	All the directors present agreed to pass.

		Cause : Appointment of senior managers of the company. Resolution : Passed according to the case.	All the directors present agreed to pass.
August 25,2022 4th of 4th Term	August 25,2022 5th of 6th Term	Cause : It is proposed to elect the convener and chairman of the fourth session of the "Remuneration Committee" of the Company. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Appointment of senior managers of the company. Resolution : Passed according to the case	All the directors present agreed to pass.
November 10, 2022 5th of 4th Term	November 10, 2022 6th of 6th Term	Cause : The company's finance and accounting supervisor and senior executives change case. Resolution : Passed according to the case.	All the directors present agreed to pass.

(V) The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance :

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding?	✓		I. The general manager's office is the dedicate (concurrent) unit to be in charge of promoting corporate social responsibility. Regarding the economic, environment and social issues resulted from the business activities, the board of directors authorized the senior management to handle and report to the board of directors about the implementations.	No material deviation exists.

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		<p>II. The Board of the Company approved “Sustainable Development Best Practice Principles” and has faithfully implemented it.</p> <p>The Company has complied with relevant environmental regulations and relevant international principles, appropriately protected the natural environment and devoted in achieving the objectives for sustainable environment when conducting business activities and internal management.</p> <p>The Company has complied with relevant regulations to protect social welfare and international convention for human rights, such as gender equality, work rights and prohibition against discrimination.</p> <p>The Company will enhance the transparency disclosing corporate social responsibility information.</p>	No material deviation exists.

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>III. Environment topic</p> <p>(I) Whether the Company has established the suitable environment management policies and procedures in accordance with its own manufacture features?</p>	✓		<p>(I) The Company's china production base has got the certificate from ISO14001 and the China environment label. The whole production process is in accordance with the environment production regulation °</p> <p>The company also got the green lable for our product ,it means the whole production process is low-environment risk °</p>	No material deviation exists.
<p>(II) Whether the Company has upgraded the efficiency for all kind of resource and taken the green material into production ?</p>	✓		<p>(II) The Company has put great effort to material usage and energy .The company will take the recycle into the all production process and reduce the waste in process.</p>	
<p>(III) Whether the Company takes a assessment to the current and future potential risk and chance from the climate change?Whether the Company take some actions to face the climate change?</p>	✓		<p>(III) The Company has always reduced the effects to environment and the changes to climate during the production process °</p>	
<p>(IV) Whether the Company conduct statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?</p>	✓		<p>(IV) Though the Company did not make statistics on the emission of greenhouse gases, the Company paid attention in environment protection matters during the production process: reasonable use and control of raw materials from source, energy and other resources, reduction of wastes and</p>	

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			emission of pollution, enhancement on the use of regenerated and recycled resources, maintenance of various pollution emission value of machines and equipment in factory under the emission value in the regulation, including water, air, sound pollution, etc. The inspection reports each year were inspected and approved by the competent authority of the production place, AQSIQ of China.	
<p>IV 、 Social Issues</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p> <p>(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacations and other welfares, etc.) and reflected management performances or outcomes on employees' remuneration?</p> <p>(III) Does the Company provide a safe and healthy working environment</p>	✓		<p>All subsidiaries of the company have established working rules and complete human resource management rules in accordance with relevant laws of local governments to protect the rights and interests of employees. The basic wage, working hours, vacation, pension payment, labor and health insurance payment, occupational disaster compensation, etc. for the hired labors of the Company are complied with relevant regulations.</p> <p>(II) The Company cared about employees' welfare and has stipulated various management regulations and rules, such as salary, promotion, award,</p>	

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>for employees and regularly carry out safety and health education for employees?</p> <p>(IV) Has the Company developed an effective training program for employees?</p> <p>(V)) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and grievance policies?</p> <p>(VI) Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>vacation, and social insurance, which complied to local regulations. Moreover, the Company provided various subsidies for employees' weddings, funerals, child births, celebrations as well as birthday celebration and travel to actively take actions in caring employees' physical and mental health.</p> <p>(III) (III) The Company valued employees' work environment, safety and health and regularly arranged health examination for employees to take on the responsibility of caring employees' safety and health.</p> <p>(IV) The Company conducts trainings for employees every year to increase competitiveness in their competency.</p> <p>(V) Marketing and labelling of the products and services of the Company have complied with relevant regulations and principles of the industries. The Company ensured good quality through procurement acceptance and final product inspection procedures. Moreover, the Company</p>	

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
	✓		<p>stipulated Regulation for Handling Customers' Complaint to maintain a good communication channel with the customers, provide transparent and effective after-sales services on the products to ensure consumers' rights and interests.</p> <p>(VI) The Company evaluated the corresponding suppliers of the Company in accordance with "Procedures Evaluating Suppliers". The contract between the Company and the supplier did not include the articles stating that the Company may terminate or cancel the contract at all times if the supplier violated its corporate social responsibility policy and caused significant impact on the environment and society. However, when signing contract with the suppliers, the Company also requested them to sign "Suppliers' Commitment to Implement Social Responsibilities" and "A Letter from SAF-004 to Interested Parties". In addition, the Company regularly re-evaluates the corresponding suppliers in accordance with the provisions in "Procedures Evaluating Suppliers". If</p>	

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			discovered that the suppliers had the aforementioned situations, the Company will not select the suppliers who do not pay attention to corporate social responsibilities.	
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?	✓		V. Though the Company did not prepare corporate social responsibility report verified by third party verification unit, the Company reference the spirit of Principles or Guidelines for Preparing Reports of International Generic Use to conduct relevant operations, including the acquisition of SA8000 certificate: The primary consideration for the Company to select suppliers is whether their commitment and the performance on social responsibility complied to the standard requirement in SA8000 system; green production: Reasonable use and control of the raw materials from the source, energy and other resources, reduction on wastes and pollution emission; Green certification: The Company was approved by multiple international inspection standards and certification for our production factories and products in the past years.	

Items	Status of operation			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
VI. If the Company has established the sustainable development principles based on “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.				
VII. Other important information to facilitate better understanding of the company’s implementation of sustainable development : <ol style="list-style-type: none"> 1. Pass SA8000 certification: When selecting suppliers, the Company will consider whether the supplier’s social responsibility commitment and performance comply with the standard requirements under the SA8000 system as the first priority. Upon the assessment, the suppliers considered qualified will be included into the Company’s roster of qualified suppliers. 2. Green manufacturing: Control the reasonable use of source raw materials, energy and other resources, reduce waste and pollutant emissions, strengthen the use of renewable and recoverable resources, and have the emission pollution values of factory machine and equipment comply with the standards, including water, air and noise pollution, etc.. The annual test report would pass the inspection by the competent authority in the country of origin, National Quality Standard Bureau of the PRC. 3. Green products: The PVC flooring refers to the product that can be environmental-friendly and recyclable. The research and development orientation about the product also focuses on the three pollution-free environmental friendly products, namely “non-PVC”, "green construction materials" and "biodegradable". 4. Green certification: In the past years, the Company’s factories and products have passed multiple international inspection standards and certification, including ISO 9001, ISO14001, SA8000, EN, BRE, Floor Score, Green Guard ,BV, CSTB and the Green Tag Certificate from Ministry of Interior of the R.O.C., and SGS, CSTB, ASTM, BG and CNS for the products. <p>In conclusion, the Company provides consumers with excellent products, values human rights, cares the society and uses its best efforts to engage in the public welfare.</p>				

(VI) Fulfillment of ethical corporate management and adoption of related measures:

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>I. Enactment of ethical corporate management policy and program</p> <p>(I) Does the Company establish ethical management policy approved by the board of directors and express its ethical management policy, measures in its regulations and external documents and do the board of directors and senior management actively implement the commitment to management policy?</p>	✓		(I) The Company has established the “Ethical Corporate Management Best-Practice Principles and “Operating Procedure for Ethical Corporate Management and Guidelines of Conduct”, which were also passed by the Board of Directors.	No material deviation exists.
(II) Does the Company establish risk assessment system for the unethical behaviors, regularly analyze and assess business activities with higher risks of unethical behaviors within its business scope and establish prevention programs against unethical behaviors and cover at least all the acts in Article 7 (2) of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(II) The Company has established the work rules for the its employees, as the guides and regulations to be followed by the employees when engaging in the Company’s operating activities to stop any misconduct.	No material deviation exists.
(III) Does the Company stipulate operational procedure, code of conduct, violation penalties and complaint systems in the prevention programs against unethical behaviors, implement faithfully and review and revise the aforementioned program regularly?	✓		(III) In order to ensure the fulfillment of ethical management, the Company has established the effective accounting system and internal control system. The internal auditors shall also conduct an audit on the compliance thereof periodically.	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Whether the Company assesses a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?</p>	✓		(I) The Company has established the assessment procedure with respect to trading customers and suppliers, and both parties' right and obligation would be expressly stated in the contract signed by the Company with the customers and suppliers.	No material deviation exists.
(II) Has the Company set up a dedicated unit to promote corporate ethical management under the board of directors which reports ethical management policy and prevention programs against unethical behaviors and supervision and implementation situations regularly (at least once a year)?	✓		(II) The Company has its Document Management Department act as the dedicated unit (concurrently engaged in) to promote the corporate ethical management, and report the execution thereof to the Board of Directors periodically.	No material deviation exists.
(III) Whether the Company has established any policy against conflict of interest, provided adequate channel thereof, and fulfilled the same precisely?	✓		(III) The Company's employees may report any conflict of interest to their immediate supervisors, or to the members of the Chairman Office.	No material deviation exists.
(IV) Has the Company established an effective accounting system and internal control system for the implementation of integrity management and the internal audit unit has proposed relevant audit plans in accordance with the evaluation results on the risks of the unethical behaviors and audit the compliance to the prevention	✓		(IV) The Company has established its audit plan. The responsible personnel would conduct the audit per the plan. In the case of any special condition, the Company will arrange the special audit.	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
programs against them accordingly or implement the audit by entrusting accountants?				
(V) Whether the Company organizes internal/external education training program for ethical management periodically?	✓		(V) The importance of ethical management would be reported at the Company's management meetings from time to time.	No material deviation exists.
III. Status of the Company's whistleblowing system (I) Whether the Company has defined a specific whistleblowing and reward system, and established some convenient whistle-blowing channels, and assigned competent dedicated personnel to deal with the situation?	✓		(I) Encourage internal and external personnel to report unethical conduct or misconduct, and according to the circumstances of the whistleblowing cases, award the bonus; if internal personnel have false reports or malicious allegations, they should be disciplined and dismissed if the circumstances are considered serious.	No material deviation exists.
(II) Has the Company set up standard investigation procedures, subsequent measures after the completion of the investigations and a related confidentiality mechanism for the matter being reported?	✓		(II) The intranet set up and published the internal independent whistleblowing mailbox. The personnel dedicated to processing the whistleblowing cases shall keep the whistleblower's identity and contents of accusation in confidence. The dedicated unit shall adopt the following procedures: 1. The whistleblowing cases involving the general employees shall be reported to the	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>department heads. The whistleblowing cases involving directors or senior management shall be reported to the independent directors or Audit Committee.</p> <p>2. The dedicated unit and the supervisors or personnel receiving the report referred to in the preceding subparagraph shall verify the truth immediately. The compliance or other related departments shall provide assistance, if necessary.</p> <p>3. Where the whistleblowing case is proven to be true upon investigation, the Company's related unit will be ordered to review the related internal control system and operating procedures, and provide the corrective actions to stop the same misconduct from arising again.</p> <p>4. The Company's dedicated unit shall report the whistleblowing case, the resolution and followup review and corrective actions to the Board of Directors.</p>	
(III) Whether the Company has adopted any measures to prevent the whistleblowers from being treated inadequately after whistleblowing the case?	✓		(III) The Company undertakes that the whistleblowers will never be treated inadequately because of the whistleblowing case.	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Enhancing Information Disclosure (I) Whether the Company has disclosed the Ethical Corporate Management Best-Practice Principles and effect of implementation thereof on its website and MOPS?	✓		(I) The Company has disclosed the “Ethical Corporate Management Best-Practice Principles and “Operating Procedure for Ethical Corporate Management and Guidelines of Conduct” on its website.	No material deviation exists.
V. If the Company has established its own ethical corporate management principles in accordance with "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
VI. Other information material to the understanding of ethical management operation (e.g. discussion of an amendment to the ethical management best practice principles defined by the Company): None.				

(VII) If the Company has established corporate governance principles and other relevant guidelines, references to such principles must be disclosed: The Company has established its “Corporate Governance Best-Practice Principles”. Please access the same on the Company’s website (at <http://www.mjig.com>), investors relations/corporate governance/important internal regulations, or the MOPS (<http://mops.twse.com.tw>) “Corporate Governance”/rules for establishment of corporate governance.

(VIII) Other information enabling better understanding of the Company’s corporate governance: None.

(IX) The following shall be disclosed with the execution of internal control system:

1. Statement of Declaration for Internal Control System

M.J. International Co. Ltd.

Statement of Declaration for Internal Control System

Date: March 23, 2023

The following statement of declaration has been made based on the 2022 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria adopted by the "Regulations" consist of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. For said sub-elements, please see the "Regulations".
- IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the auditing findings referred to in the preceding paragraph, the design and implementation of the Company's internal control system (including supervision and control over its subsidiaries) on December 31, 2022, including the achievement of operating results and efficiency, reliability of financial statements and compliance with laws, is considered effective and able to provide reasonable assurance on achievement of said objectives.
- VI. The Statement constitutes the summary content of the Company's Annual Report and Prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of said disclosures shall bear the legal liability against violations of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act.
- VII. The Statement was passed unanimously without objection by all 8 Directors present at the directors' meeting dated March 23, 2023.

M.J. International Co. Ltd.
Chairman of Board: Chen Pen-Yuan
President: Chen Pen-Yuan

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: none

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, please disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(XI) Important resolutions of shareholders' meetings and directors' meetings during the most recent year and up to the date of publication of this annual report:

Important resolutions of shareholders' meetings in 2022, and status of implementation thereof:

1. Important resolutions of shareholders' meetings, and status of implementation thereof:

(1) Shareholders' meetings and special shareholders' meetings in 2022

2022.06.15 Shareholders' meeting	<ol style="list-style-type: none"> 1. The Company's 2021 Business Report and Consolidated Financial Statement 2. Proposal for distribution of profits in 2021 3. To amend the Company's Memorandum and Articles of Incorporation (Special resolution). 4. Discussion of the Amendments to the Company's "Regulations Governing Acquisition or Disposition of Assets". 5. To amend the Company's "Rules of and Procedures Shareholders' Meeting". 6. By-election of independent director.
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(2) Shareholders meeting in 2022:

(a) Motion: The Company's 2021 Business Report and Consolidated Financial Statement

Resolution: The motion was passed upon resolution by the whole present shareholders through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

(b) Motion: Proposal for distribution of profits in 2021

Resolution: The motion was passed upon resolution by the whole present shareholders through voting.

Status of implementation: The 2020 earnings distribution has been fully distributed, and August 28, 2022 was set as the ex-dividend base date, and September 21, 2022 as the cash dividend distribution date, with a cash dividend of \$3 per share.

Status of implementation: Completed per the resolution of the shareholders' meeting.

(C) Motion: To amend the Company's Memorandum and Articles of Incorporation (Special resolution).

Resolution: The motion was passed upon resolution by the whole present shareholders through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

(d) Motion: Discussion of the Amendments to the Company's "Regulations Governing Acquisition or Disposition of Assets".

Resolution: The motion was passed upon resolution by the whole present shareholders

through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

(e) Motion: To amend the Company's "Rules of and Procedures Shareholders' Meeting".

Resolution: The motion was passed upon resolution by the whole present shareholders through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

(f) Motion: By-election of independent director.

Resolution: Elected by shareholder vote.

2. Important resolutions of directors' meetings

Date	Name of meeting	Motion
May 12, 2022	4th Directors' Meeting of 6th Term	<ol style="list-style-type: none"> 1. The investment budget of the new Tainan plant of the company's subsidiary M.J. International Flooring And Interior Products Inc. 2. Proposal of the subsidiaries, Opulent International Group Limited Taiwan Branch and M.J. International Flooring And Interior Products Inc. to add Credit Line extend the credit contracts with the bank. 3. Proposal for the Company to make endorsements/guarantees to subsidiaries, Opulent International Group Limited Taiwan Branch and M.J. International Flooring And Interior Products Inc., 4. Amendment to the "Administrative Measures for the Acquisition or Disposal of Assets.
August 25, 2022	5th Directors' Meeting of 6th Term	<ol style="list-style-type: none"> 1. Proposal for the approval of 2022 H1 Consolidated Financial Statement. 2. Add and revise the Internal Control System of the Company and its subsidiaries. 3. Proposal of the subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited and Opulent International Group Limited Taiwan Branch and Dongguan Mei Jer Plastic Products Co., Ltd. to add Credit Line with the bank. 4. Proposal for the Company to make endorsements/guarantees to subsidiaries, M.J. International Flooring And Interior Products Inc. and Opulent International Group Limited and Opulent International Group Limited Taiwan Branch. 5. Proposal for the Dongguan Prolong Plastic Products Co., Ltd. to make endorsements/guarantees to subsidiaries, Dongguan Mei Jer Plastic Products Co., Ltd. 6. Proposal for loaning of funds between the secondary subsidiaries.

November 10, 2022	6th Directors Meeting of 6th Term	<ol style="list-style-type: none"> 1. Proposal for passing the 2023 Business Plan. 2. Proposal for passing the 2023 Internal Audit Plan. 3. Proposal for 2023 Total Amount of Derivative Commodity Trading. ° 4. The company's subsidiary handles the adjustment and new line credit contract with the bank. 5. The company provides endorsement guarantee adjustments and new additions for subsidiaries. 6. Proposal for loaning of funds between the secondary subsidiaries. 7. The company's finance and accounting supervisor and senior executives change case.
March 23, 2023	7th Directors Meeting of 6th Term	<ol style="list-style-type: none"> 1. Proposal for 2022 "Statement of Internal Control System". 2. The case of changing the accounting supervisor of the company. 3. Proposal for the approval of 2022 Business Report and Consolidated Financial Statement. 4. Proposal for 2022 profit distribution. ° 5. Proposal for remuneration of employees and directors in 2022. 6. Proposal for distributing the annual bonus to the chairman and managers. ° 7. Proposal for remuneration approval of certified accountants. ° 8. Proposal for approval of the independency and adaptability assessment on certified accountants. ° 9. "Actual Economic Statement Declaration" and "Annual Return" of Cayman Islands. ° 10. The company intends to raise and issue the second unsecured conversion of corporate bonds in the territory of the R.O.C. 11. The company provides endorsement guarantee adjustments and new additions for subsidiaries. 12. The company's finance and accounting supervisor and senior executives change case. 13. Amendment to the "Administrative Measures for the Acquisition or Disposal of Assets. 14. Proposal to amend the "Acquisition or Disposal of Assets Operation Management Measures" of the company's group subsidiaries. 15. Proposed revision and addition of the company and its subsidiaries' "Administrative Measures for Engaging in Derivative Commodity Transactions". 16. Proposal to revise the "Corporate Governance Code of Practice", "Board of Directors' Procedures" and "Board of Directors' Performance Evaluation Methods". 17. Proposal for the Establishment of the Company's Corporate Governance Directo. 18. Proposal for relevant matters to 2023 Shareholders' Meeting.

(XII) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of this annual report: None.

(XIII) The resignation situation of the company's chairman, general manager, chief of accounting dept., chief of finance department, chief of internal audit office and chief of R&D dept. during the recent years and up to the date of publication of the annual report:

Job Title	Name	Inauguration Date	Exceptional Date	Reason for abnormal movement
Finance Director	Chen Tung-Li	2021/11/09	2022/6/30	Resignation
Accounting Director	Tsai Shu-Hsia	2021/11/09	2022/11/16	Job Rotation
CEO	Chen Pen-Yuan	2020/06/30	2023/4/1	Job Rotation

V. Information about Independent Auditor Fees:

(I) Information about Independent Auditor Fees

Name of CPA Firm	Name of CPA		Audit period	Audit fees	Non-audit fees(Note)	Total	Remark
Deloitte Taiwan	Chen Chiang-Shiun	Chen Chao-Mei	2022.01.01~2022.12.31	4,250	575	4,825	Non-audit fees include transfer pricing

(II) In the case of change of CPA firm and the audit fees for the year of the change less than that of the previous year, please disclose the amount of audit fees before and after the change, and reasons of the change: N/A.

(III) In the case of any reduction in audit fees by more than 10% compared to the previous year, please disclose the amount, the percentage and reason of such variation: N/A.

VI. Information about replacement of CPA: N/A.

VII. Name of the CPA firm or its affiliates at which the Company's Chairman, President, or managers responsible for financial or accounting matters was an employee over the past year: None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent in the most recent year and until the date of publication of the annual report:

(I) Change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent:

Job title			Name			2022		Ended on 2023 April 23			
						Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held		Increase (decrease) in shares pledged	
Chairman of Board			Black Dragon Assets Limited			-	-	-		-	
Representative			Chen Pen-Yuan			-	-	-		-	
Director/shareholder with a stake of more than 10 percent			CROWN HARVEST COMPANY LIMITED			-	-	-		-	
Representative			Chen Chien-Ming			175,000	-	-		-	
Director			Chairman Management Corp. (Resigned Apr.18 2022)			-	-	-		-	
Representative			Kao Chen-Sheng (Resigned Apr.18 2022)			(3,999,000)	-	-		-	
Director			Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account			-	-	-		-	
Representative				Ho Ping-Hsien		-		-		-	
Director			Lin An-Hsiu			239,000	0	-		-	
Director			Hsieh Ming-Feng			-	-	-		-	
Independent Director			Chiou, Yyh-Shen			-	-	-		-	
Independent Director	Jong Wen-Ren	-	-	-	-						
Independent Director	Lee,Chen-Hung (Take office: Jun 15,2022)	-	-	-	-						
Vice President		Liu Chiao-Lu (Resigned Dec.31 2022)			(112,000)	-		-		-	
Vice President		Peng Shao-Tseng (Resigned Jan.31 2023)			-	-		-		-	
Vice President		Li Liang-You			-	-		-		-	
Vice President		Ho Chiang- Chun			-	-		-		-	
Special Assistant to Chairman		Ssu Ta-Yun (Resigned Jun.5 2022)			-	-		-		-	
Special Assistant to Chairman		Chang Chih- Tai			-	-		-		-	
Vice President		Chen Jong-Wu			-	-		-		-	
Vice President		Chen Tung-Li (Resigned: Jun 30,2022)			-	-		-		-	
Vice President		WANG,CHUAN-HAN (Take office: Apr 7,2022)			-	-		-		-	
Vice President		Wang, Hugn-Chih (Take office: Oct 3,2022)			-	-		-		-	

Accounting Officer	Tsai Shu-Hsia (Resigned: Nov 16,2022)	1,000	-	(8,000)	-
Accounting Officer	Wang, Hugn-Chih (Note1) (Take office: Nov 16,2022)	-	-	-	-
Accounting Officer	Wang, Hugn-Chih (Note1) (Take office: Nov 16,2022)	-	-	-	-

Note1: Accounting Officer Tsai Shu-Hsia is replaced by Wang, Hugn-Chih due to a change in duties.

(II) Information about the counterpart in any transfer of the equity who is a related party:None

(III) Information about the counterpart in any pledge of the equity who is a related party:None

IX. Information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, in terms of shareholdings:

Apr 23,2023 ; Unit : shares ; %

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
CROWN HARVEST COMPANY LIMITED Representative : Chen Chien-Ming	12,204,000	18.47	-	-	-	-	-	-	-
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	7,779,000	11.78	-	-	-	-	-	-	-
Black Dragon Assets Limited Representative : Chen Pen-Yuan	4,478,400	6.78	-	-	-	-	ALPHA MARVEL CORPORATION	The representative has spousal relationship with him/her.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 1st degree of kinship.	-

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
							Chen I-Hsiu	relative of 1st degree of kinship	
ALPHA MARVEL CORPORATION Representative : Lo Fong-Chu	2,797,200	4.23	-	-	-	-	Black Dragon Assets Limited	The representative has spousal relationship with him/her.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
							Chen I-Hsiu	relative of 1st degree of kinship	
MAGIC VISION DEVELOPMENT LTD Representative : Chen Chun-Chi	2,797,200	4.23	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
ACCORD SKY INVESTMENTS CO., LTD. Representative : Chen I-Hsiu	2,131,200	3.23	-	-	-	-	ACCORD SKY INVESTMENTS CO., LTD.	The representative is a relative of 2nd degree of kinship.	-
							Chen I-Hsiu	relative of 2nd degree of kinship	
							Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is a relative of 2nd degree of kinship.	-
							Chen I-Hsiu	-	
Liu Chu-Mei	1,764,000	2.67	-	-	-	-	CROWN HARVEST COMPANY LIMITED	The representative is relative of 1st degree of kinship.	-
Lin An-Hsiu	1,686,500	2.55	-	-	-	-	FLAME POWER ENTERPRISES CORPORATION	The representative is relative of 1st degree of kinship	-
Chen I-Hsiu	1,567,000	2.37	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 2nd degree of kinship.	-
FLAME POWER ENTERPRISES CORPORATION	1,480,000	2.24	-	-	-	-	Lin An-Hsiu	The representative is relative of 1st degree of kinship	-

- X. The shareholdings of the Company, the Company's directors, supervisors, managers, and the business entity directly or indirectly controlled by the Company on the same invested company and also, the consolidated comprehensive shareholding ratio: None.

Four. Financing Status

I. Capital and Stock

(I) Total shares

1. Source of capital stock:

March 31, 2023; Unit: Thousand shares; NT\$ thousand

Year/Month	Issue price	Authorized capital stock		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties other than cash	Others
October 2010	NTD 10	50,000	500,000	50,000	500,000	Capital of incorporation	-	-
August 2013	NTD 10	150,000	1,500,000	55,500	555,000	Recapitalization from earnings	-	-
August 2013	NTD 28.50	150,000	1,500,000	56,019	560,190	Recapitalization from employees bonus	-	-
August 2013	USD 0.775	150,000	1,500,000	58,719	587,190	Cash capital increase	-	-
October 2016	NTD 82.8	150,000	1,500,000	66,059	660,590	Cash capital increase (Note)	-	-

Note: No. 10517038501 dated September 21, 2016

2. Total issued shares

March 31, 2023 Unit: shares

Type of stock	Authorized capital stock			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	66,059,000	83,941,000	150,000,000	NA

Note: Listed company's stock, and treasury shares are including.

3. Information relevant to the aggregate reporting policy: None.

(II) Shareholders' structure

April 23, 2023 Unit: shares

Shareholders' structure	Government agencies	Financial institutions	Other institutions	Foreign institutions and foreigners	Individual	Treasury stock	Total
Number of person(s)	0	0	13	23	1404	1	1,441
Quantity of shares held	0	0	166,020	36,117,000	29,395,980	380,000	66,059,000
Shareholding %	0.00%	0.00%	0.25%	54.67%	44.50%	0.58%	100.00%

Note: The percentage of investment by Mainland China in the Company was 0%.

(III) Status of equity dispersion:

(1) Common shares

April 23, 2023 Unit: shares

Shareholding class	Number of shareholders	Quantity of shares held	Shareholding %
1-999	141	9,773	0.01%
1,000-5,000	900	1,832,157	2.77%
5,001-10,000	152	1,183,216	1.79%
10,001-15,000	47	601,008	0.91%
15,001-20,000	40	739,000	1.12%
20,001-30,000	39	1,004,016	1.52%
30,001-40,000	23	801,256	1.21%
40,001-50,000	15	703,000	1.06%
50,001-100,000	31	2,268,000	3.43%
100,001-200,000	12	1,586,000	2.40%
200,001-400,000	13	3,823,000	5.80%
400,001-600,000	8	3,800,500	5.75%
600,001-800,000	4	2,988,574	4.52%
800,001-1,000,000	4	3,678,000	5.57%
More than 1,000,001	12	41,041,500	62.14%
Total	1,441	66,059,000	100.00%

(2) Preferred stock: None.

(IV) Name list of major shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

April 23, 2023 Unit: shares

Name of major shareholder	Shares	Nationality or Place of Registration	Quantity of shares held (shares)	Shareholding (%)
CROWN HARVEST COMPANY LIMITED		Samoa	12,204,000	18.47%
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account		British Virgin Islands	7,779,000	11.78%
Black Dragon Assets Limited		Samoa	4,478,400	6.78%
ALPHA MARVEL CORPORATION		British Virgin Islands	2,797,200	4.23%
MAGIC VISION DEVELOPMENT LTD		British Virgin Islands	2,797,200	4.23%
ACCORD SKY INVESTMENTS CO., LTD.		British Virgin Islands	2,131,200	3.23%
Liu Chu-Mei		Taiwan R.O.C.	1,764,000	2.67%
Lin An-Hsiu		Taiwan R.O.C.	1,686,500	2.55%

Chen I-Hsiu	Taiwan R.O.C.	1,567,000	2.37%
FLAME POWER ENTERPRISES CORPORATION	British Virgin Islands	1,480,000	2.24%

(V) Market price, net value, earnings and dividends per share for the most recent two years, and related information

Unit: NT\$ thousand; Thousand shares

Item \ Year		2021	2022	Ended on March 31, 2023
Market price per share	Highest	65.00	54.90	41.70
	Lowest	50.50	36.25	39.95
	Average	57.38	45.51	40.68
Net worth per share	Before distribution	36.83	39.76	37.55
	After distribution	36.13	38.26	Note2
EPS	Weighted average quantity of shares	65,900	65,679	65,679
	EPS	1.04	2.18	(0.67)
Dividends per share	Cash dividends		0.7	1.5(Note1)
	Issuance of bonus shares	Surplus allotment of shares	-	-
		Capital Provident Fund Share Allotment	-	-
	Accumulated unappropriated dividends		-	-
Analysis on rate of return	P/E ratio		55.17	20.88
	P/D ratio		81.97	30.34
	Cash dividend yield		1.22%	3.30%

Note 1: The Board of Directors has approved the proposal for cash dividend distribution to be submitted to 2023 General Shareholders' Meeting.

Note 2: The motion for distribution of earnings for the year is still pending resolution by the shareholders' meeting.

(VI) Dividend policy and implementation thereof

1. Dividend policy set forth by the Articles of Incorporation

Where the Company has retained earnings at the end of each fiscal year, it shall first reserve certain amount of the retained earnings to pay for relevant taxes in accordance with the law, recover losses (including the losses from preceding years and the adjustment of the undistributed earnings if any) and then set aside legal reserve in accordance with regulations for TWSE/TPEX listed companies (however, this is not applicable if the legal reserve has reached the Company's paid-in capital) and set aside or reverse special reserve (if any). Then for the residual amount (including the reversed special reserve), no less than 10% of the distributable earnings plus the whole or a part of the cumulative undistributed earnings (including adjustment of

undistributed earnings) decided by general resolution during shareholders' meeting may be distributed to shareholders by dividends/bonus according to the shareholding ratio during the board of directors meeting with more than two-thirds of the directors attended and over half of the directors' approval on the resolution and submitted to the shareholders' meeting where the amount of dividends in cash shall not be lower than 10% of such distribution of dividends/bonus.

2. Distribution of dividend proposed in the current year:

The Company's motion for distribution of 2022 earnings has been passed by the directors' meeting on March 23, 2023, which stated that the cash dividends distributed to shareholders shall be NT\$98,519 thousand, i.e. cash dividend at NT\$1.5 per share. The motion is now pending resolution by the general shareholders' meeting in 2023.

(VII) The effects of issuance of bonus shares proposed at this shareholders' meeting on the Company's business performance and EPS:

The Company's motion for distribution of 2022 earnings has been passed by the directors' meeting on March 23, 2023. Since the dividends will be distributed in the form of cash dividends in whole, no effect would be produced on the Company's EPS in the current year.

(VIII) Remuneration to employees, directors and supervisors

1. The employees' bonus and percentages or ranges with respect to remuneration to directors and supervisors as set forth in the Company's Articles of Incorporation shall follow Article 100 of the Company's Articles of Incorporation referred to in said paragraph (6).
2. The basis for estimating the amount of remuneration to employees, directors and supervisors, for calculating the number of shares to be distributed as the stock dividend, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

According to the resolution made by the shareholders' meeting subsequently, if there is any discrepancy between the amount allocated actually and the estimated amount of the employees' bonus and remuneration to directors and supervisors, it shall be identified as a change in estimation and stated as the income in 2023.

3. The motion for distribution of remuneration passed by the Board of Directors:
 - (1) Remuneration to employees, directors and supervisors allocated in cash or in the form of stock: If there is any discrepancy between that amount and the estimated amount for the fiscal year in which these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

Not applicable, as the motion for distribution of the Company's 2022 earnings has been passed by the directors' meeting on March 23, 2023 and there was no discrepancy from the estimated amount for the fiscal year in which these expenses were recognized.

- (2) Proposed distribution of remuneration to employees in the form of stock as a percentage to net income after tax plus remuneration to employees in the entity or separate financial statement for the current period:

Not applicable, as the motion for distribution of the Company's 2022 earnings has been passed by the directors' meeting on March 23, 2023 and no stock dividend was allocated to employees.

4. The actual distribution of bonus to employees and remuneration to directors and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the estimated remuneration to

employee, directors and supervisors, the discrepancy, its cause, and the status of treatment shall also be disclosed: The motion for distribution of remuneration to employees, directors and supervisors in 2021 has been passed by the directors' meeting and shareholders' meeting, and there was no discrepancy from the actual distribution and estimated amount.

(IX) Repurchase of the Company's shares: None

II. Status of corporate bonds:

Issuance of company bonds

Type of corporate bond (Note 2)		1st Issue of Domestic (ROC) Unsecured Convertible Bonds (Note 5)
Issue (offer) Date		August 12, 2019
Denomination		NT\$ 100,000 each
Place of issuance and transaction (Note 3)		Taipei Exchange
Issuing price		Fully issued at par price
Total amount		NT\$ 6 billion
Interest rate		0%
Maturity		3 years; Maturity date: August 12, 2023
Guarantee agency		None
Trustee		Mega International Commercial Bank Co., Ltd
Underwriter KGI Securities Co. LTD.		Underwriter KGI Securities Co. LTD.
Certified Lawyer		Lawyer Chen You-liang, Zhiding International Law Firm
CPA		Deloitte Touche Tohmatsu Limited (DTTL) Accountants Chen Chiang-Shiun
Payback method		Except that the holders of the converted corporate bonds are converted into common stocks of the company in accordance with Article 13 of these Measures, or the company redeemed them in advance in accordance with Article 21 of these Measures, or the company was bought and cancelled by the securities firm In addition, the company will repay in cash based on 100.75% of the face value of the bond (real yield 0.25%) upon maturity of this bond
Outstanding principal		NT\$ 6 billion
Provisions of redemption and prepayment		Please refer to the 1st Issue of Domestic (ROC) Unsecured Convertible Bonds procedures.
Restrictions (Note 4)		None
Credit rating agency, credit rating date, and corporate bond rating results		None
Other rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities	None
	Issuance and conversion (exchange or subscription) procedures	Please refer to the 1st Issue of Domestic (ROC) Unsecured Convertible Bonds procedures.

Impact of issuance and conversion, exchange and subscription methods and issuance conditions on equity dilution, possible dilution on stock equity and shareholder's equity	If the first guaranteed conversion corporate bonds in the Republic of China issued this time are all converted into ordinary shares at the tentative conversion price after the issuance, the maximum dilution ratio of the original shareholders' equity will be 10.68%. And because the conversion price is issued at a premium, if the original shareholders want to maintain the original equity ratio, they can obtain the required shares from the trading market at a relatively low price, and there is no actual loss in equity
Commissioned agency for exchanged object	None

Note 1: The handling of corporate bonds includes public and private corporate bonds in the process. Public company bonds under processing refer to those that have become effective (approved) by the Council; private company bonds under processing refer to those that have been approved by the board of directors.

Note 2: The number of fields is adjusted according to the actual number of transactions.

Note 3: For those who belong to overseas corporate debts.

Note 4: For example, restrictions on the distribution of cash dividends, foreign investment or requirements to maintain a certain proportion of assets, etc.

Note 5: Those belonging to private placements should be marked in a prominent way.

Note 6: For conversion of corporate bonds, exchange of corporate bonds, collective declaration of issuance of corporate bonds or corporate bonds with stock options, the information on conversion of corporate bonds, exchange of corporate bonds, and collective declaration of issuance of corporate bonds should be disclosed in a tabular format according to the nature and Information on corporate bonds with stock options

Convertible bond data

Type of corporate bond (Note 1)		1st Issue of Domestic (ROC) Unsecured Convertible Bonds		
Item	Year	2021	2022	Current year until April 30, 2023 (Note 4)
Market price of convertible bonds (Note 2)	Highest	105.00	103.50	99.85
	Lowest	96.00	95.85	97.9
	Average	102.79	97.62	98.81
Conversion price		67.7	66.6	66.6
Issue (offer) date and conversion price on issue date		Issue date: August 12, 2020 Conversion price on issue date: 71.4	Issue date: August 12, 2020 Conversion price on issue date: 71.4	Issue date: August 12, 2020 Conversion price on issue date: 71.4
Conversion method (Note 3)		Issuance of new shares	Issuance of new shares	Issuance of new shares

Note 1: The number of fields is adjusted according to the actual number of transactions.

Note 2: If there are multiple trading locations for overseas corporate bonds, they are listed separately according to the trading locations.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: The data for the current year as of the publication date of the annual report should be filled in.

- III. Status of preferred stock: None.
- IV. Status of overseas depository receipts: None.
- V. Status of employee stock options: None.
- VI. Status of new restricted stock awards: None.

VII. Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital utilization plan:

The Company has not yet completed the capital utilization plan by the date of publication of the annual report, or the plan has been completed but rendered no significant effect.

Five. Overview of Operations

I. Operations

(I) Description of business

1. Scope of business

(1) Major lines of business

The Company specializes in the production and sale of PVC flooring, LVT dedicated to processing plastic materials into various types of flooring materials used for the residential or commercial construction and decoration.

(2) Proportion of major products

Unit: NT\$ thousand

Products	2020		2021	
	Amount	Proportion (%)	Amount	Proportion (%)
PVC flooring	3,610,670	100.00	3,262,778	100.00

(3) The Company's current product (service)

PVC flooring is made of PVC powder and stone powder mixing to form the middle and backing layers materials and then hot pressed or auto-laminated with strong wear layer and print film, and then processed by PU coating and cut into sheet. The LVT has the strength in environmental protection, stability, wear resistance, durability, etc., and can be operated and assembled easily. The flooring may be widely applied for the residential and also commercial purposes. The process technology has been improved increasingly in the recent years. Stone patterns and wood patterns may be imitated through the unique printing method to make more diversified styles, so that the new flooring transcends solid wood flooring, laminated flooring, composite wood flooring and rubber flooring, etc., and becomes the emerging hot floor materials.

(4) New products (services) planned for development

New products	Notes
Long Effective Anti-virus Flooring	Seeing that the first-generation antiviral floor tile, developed by antiviral coating, is thinner with shorter effective antiviral function, its complete antiviral effect can be expected to be prolonged by using the patented technology and operations in the subsequent developing plan. In response to personal health protection awareness, which has been generally enhanced due to the pandemic in recent years, the application for invention patent has been filed for the related products in China, US and Taiwan. In addition, having passed the ISO 21702 test with a permit issued as a result of assessment by the SIAA (Society of Industrial Technology for Antimicrobial Articles in Japan), the products will be stamped with a universal and authoritative antiviral product mark. Apply iron powder or magnetic powder in

	backing layer and make sheet wall materials bearing patterns and embossing based on the general tile structure concept, which may be magnetically adsorbed on the magnetic or iron wall surface, while no professional construction or assembly is required and may be creatively arranged, disassembled and re-used at any time to enhance the aesthetics of the interior space design.
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II. Overview of Industry

(1) Current status and development of the industry

① Overview of industry

Plastic flooring is identified as one of the more popular flooring materials among the many construction materials. Given the booming economic activities after World War II, the increase in the labor force participation rate resulting in the emerging demand for floor materials which could be maintained conveniently. Accordingly, Carbide and Carbon released the first plastic flooring in the world in 1933. Initially, the stability of plastic flooring was enhanced by asbestos fiber. In 1952, 34 flooring manufacturers originally engaged in the production of asphalt or linoleum carpets used their existing equipment to engage in the production of plastic flooring and opened the opportunity for further development of plastic flooring. In the 1970s, the leading plastic flooring manufacturers, Amtico and Metroflor in the USA, released the wood-look flooring made of plastic materials. In order to enhance the users' orientation and recognition of plastic flooring products, the product was named Luxury Vinyl Tile. Since then, the Luxury Vinyl Tiles (LVT) have gradually become the designation of the sheet plastic flooring.

For the time being, the PVC flooring is primarily made of polyvinyl chloride (PVC). The general plastic flooring can be categorized into "vinyl tile," "vinyl sheets" and "sheet plastic flooring." All of the three are made of PVC primarily. Notwithstanding, the vinyl tile is monotonous in colors and, therefore, it is difficult for them to match the decoration design. The vinyl sheets and sheet plastic flooring structure consist of transparent materials (strong wear layer), print film, backing layer, etc., which are diversified in colors and may be extensively applied as the indoor flooring to meet the decoration design needs for residential and commercial purposes. The Vinyl Sheets may be applied onto large-scale slabs situated in a large area, such as the malls or hospitals that do not require decoration designs. Nonetheless, the sheet plastic flooring has been improved remarkably in wear-resistance, appearance and quality due to the progress of materials, fabrics and printing technology in the recent years. Therefore, such flooring type is widely applied to such public areas as storefronts and department stores, which have also been accepted by the residential market gradually in the recent years.

The sheet plastic flooring is used as the indoor flooring of houses and buildings. The sources of the main business are completed new construction projects and decoration of readily available houses. The application thereof may be extended to the residential and commercial markets. Those for residential purpose value appearance and convenience of installation more, while those for commercial purpose highlight wear-resistance, scratch-resistance and heat-resistance, et al. In the past, the unsatisfactory production technology of plastic flooring resulted in the remarkable variance between the plastic flooring and the wood, stone and ceramic tiles used in the traditional decoration work in style and quality. Therefore, users had reservations about the new flooring materials. Notwithstanding, with the improvement on production method, fabrics and printing technology, the introduction of hard board technology such as Wood Plastic Composite or Stone

Plastic Composite, the simulation of plastic flooring has been improved remarkably. In addition to such visual effects as wood-look pattern, marble-look pattern, and metal-look pattern, the floor surface can also be embossed to produce such touching sense and 3D effects as water wave embossing, registered embossing and bumpy embossing and, therefore, is became acceptable to users gradually. Because the PVC flooring provides such characteristics as easy cleaning, wear-resistance and scratch-resistance, and non-combustion-supporting, they may satisfy the smoke prevention effect recognized by the international standards only if they are made from special formula and under special production process, and become the main fireproof flooring. Meanwhile, because of the convenient construction, they may meet the malls' need for shortening the construction period for renovation work. Therefore, the PVC flooring has become the flooring materials commonly installed in commercial areas.

② Current status and development of the industry

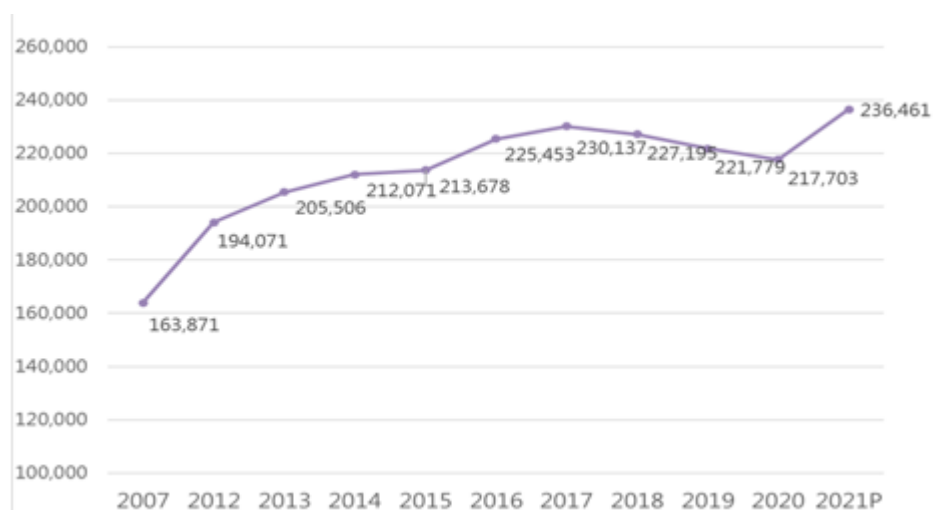
A. Current status of the industry

The research institution, Catalina Research, released a research report entitled “Catalina Report 2022” in January 2023, which indicated in 2021 the global flooring materials market size (including carpet, mat, tile, stone, solid wood, engineering wood flooring and resilient floor) was about 236,461 million sqft, growing by 8.6% compared with 2020. The growth was mainly due to outbreak of the global pandemic, resulting in increase of time people spent at home, which further drove the renewal demands for home floor. Besides, the downstream selling stores launched preferential loan projects at each major flooring store in order to stimulate economy, so demands increased. However, in 2022, the economic situation reversed because of the Russia-Ukraine war, interest hike of each country's central bank, etc. In consequence, the stock level of each major flooring brand manufacturer was rising, so the consumption size of flooring market declined by 0.6% in 2022 compared with 2021.

According to macro-economy of each region around the world and development of PVC sheet flooring, the development of the industry the Company belongs to is described as follows:

Global flooring market size

Unit : Million sqft

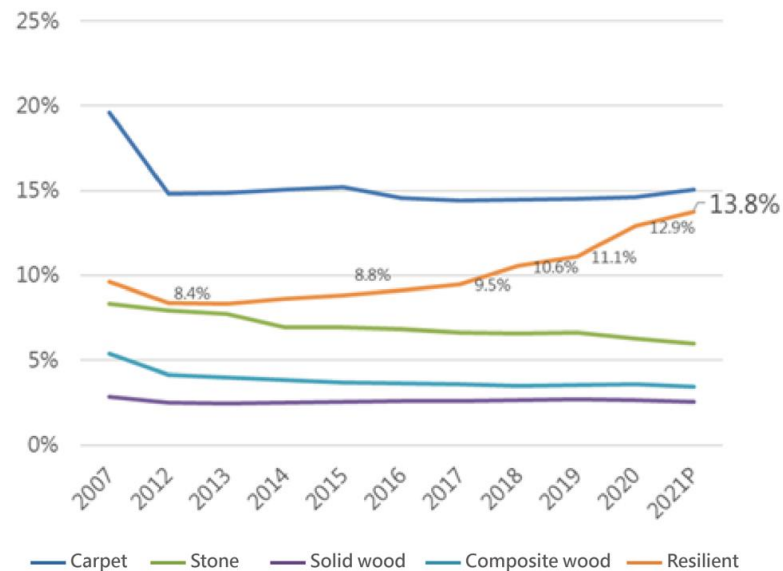


Data Source: Catalina Report “Catalina Report 2022”

In the global flooring market, tile is the most widely used flooring

material. In 2021, tile accounted for 59.0% of the overall productivity in the global market. But, except tile in the flooring market, the global market share of resilient floor grew from 8.4% in 2012 to 13.8% in 2021, accompanied with the year-by-year growth of proportion of LVT which got more and more popular in the market. The relevant data is described below:

Proportion of global flooring market categories



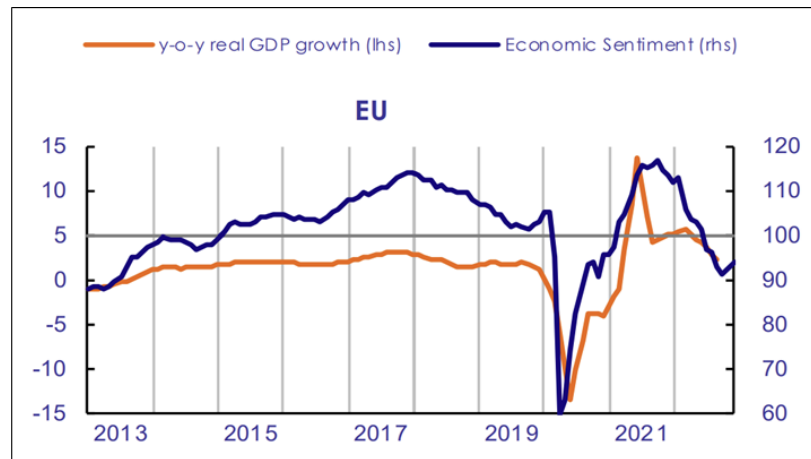
Data Source: Catalina Report "Catalina Report 2022"

In line with the Macroeconomics and development of sheet plastic flooring in various regions in the world, the development of the industry in which the Company engage is stated as following:

(a) European market

Europe is one of advanced economies in the world. After experiencing the global financial turmoil and European debt crisis, its economy assumes a trend of slow growth. In addition to the growth evaluation of the most common GDP, used to measure the momentum of European economy, the Economic Sentiment Indicator (ESI), monthly announced by the Eurostat, is an important reference index for predicting the future European economy. Among others, ESI includes the itemized indicators of Industrial Confidence, Construction Confidence, Retail Trade Confidence, Service Confidence, Consumer Confidence, etc., which represent the comprehensive index of perception of the future economy, and have high correlation with the GDP trend.

ESI and GDP growth rate in the EU

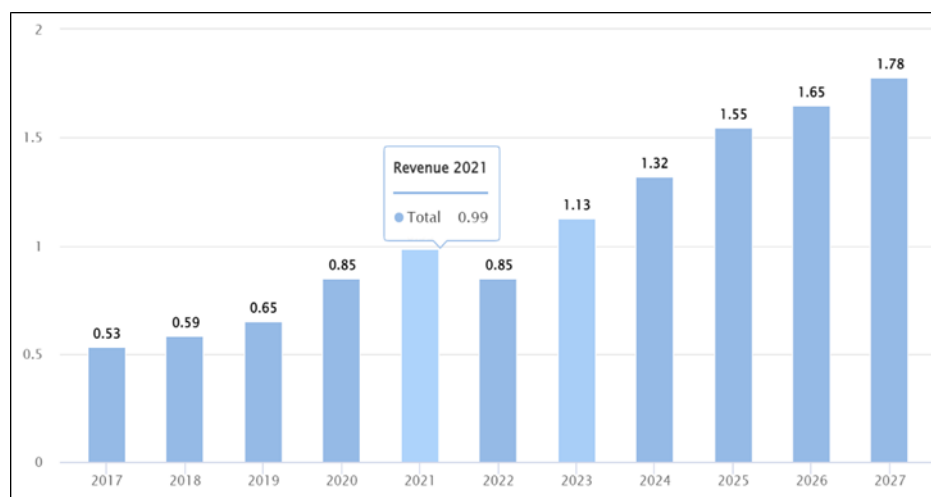


Data Source: European Business Cycle Indicators

The related financial and monetary policies in the European countries took effect to exempt the euro zone from the governmental debt and banking crises in 2013, so the GDP and the ESI indicator in the European market moved in a stable and rising trend; a high record appeared in 2017, then gradually declining to the standard level in 2019. In 2020, under the influence of the COVID-19 spread, economy of each country in Europe dropped, leading to the declining trend of indicators. Not till May 2021, the pandemic was inclined to be stable, and each country gradually lifted lockdown with work and schooling recovered, so the indicators got increasing step by step. In the end of 2022, impact of such factors as the Ukraine war, interest hike of the US FED, etc. resulted in appreciation of energy price and inflation, which caused increase of living cost. The euro zone was confronted with the crisis of economic recession, and the GDP and the ESI indicator thus went in a downturn trend. However, in 2023, the European countries followed the policies of interest hike, etc., which effectively increased confidence in the market, so the GDP and the ESI indicator slightly moved upwards. Notwithstanding, the future economic trend in Europe is still affected by the monetary policy of each country as well as the energy price.

According to the market information released by the foreign research institution Statista, the sales of the European flooring market will reach US\$1.13 billion in 2023, growing at CAGR 12.08%. It is estimated that the market size will reach US\$1.78 billion by 2027. Meanwhile, the emerging Ecological Building concept in Europe also drove the needs for green construction materials. Green buildings primarily stress on such sustainable development issues as ecological balance, conservation, species diversity, resource recycling, renewable energy and energy conservation. The plastic flooring is a recyclable material. With phthalate free or bio-based plasticizers and waterless printing environmental materials and production methods, the Company may become a member of the green construction materials after receiving the Green Tag.

Sales amount of flooring materials in the European market



Data Source: Statista

Besides, in December 2019, the European Union initiated the European Green Deal, and committed itself to making Europe the first continent of carbon neutrality by 2050. Recently, it also introduced the basic policy indicator of green energy transformation. According to the Business Marketing Sights' report, the green building market will grow by a compound annual growth rate of 12.40% from US\$54.1 billion in 2021 to US\$122.6 billion in 2028. Since people are increasingly concerned about the environment and sustainability, green building will get more and more popular, and drive demands for a lot of related products, including PVC flooring. In the green building, PVC flooring enjoys the advantages of being light-weighted, and easy for installation, maintenance, cleaning, etc. Hence, in the coming years, the PVC flooring market might embrace more opportunities and growth potentiality.

(b) US Market

After the 2008 subprime mortgage crisis and financial tsunami, the overall real estate market supply and demand in the United States have returned to a stable growth trend since 2009, driving the overall economic recovery of the United States. As a result, the flooring materials industry of our company's industry has also shown the same growth situation.

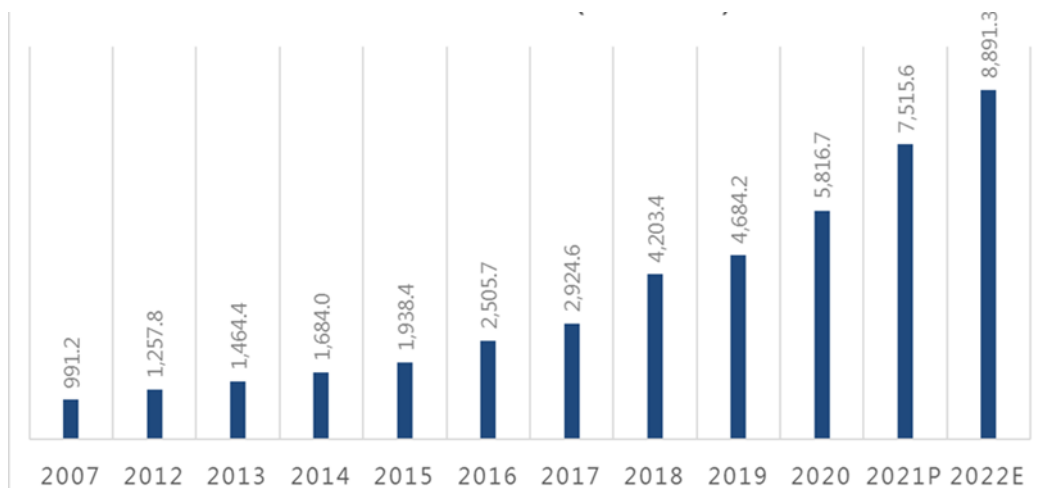
According to Catalina Research, in 2023, the sales amount of sheet plastic flooring in the United States was US\$ 3.471 billion, accounting for 37.00% of all flooring markets, and it is estimated that it will reach US\$ 4.412 billion in 2028. In recent years, due to the introduction of hard board technology, such as wood-plastic flooring and stone-plastic flooring, and the progress in materials, materials and printing technology, the water resistance, color design, texture, pressure resistance, wear resistance or temperature resistance have all been improved, which has

promoted the increase of market demand. In addition, the sheet-type plastic flooring also has the characteristics of convenient transportation, cutting and installation, which is in line with the DIY style in Europe and the United States to save high labor costs.

In the global flooring market, ceramic tiles are the most widely used flooring material in the fields of carpets, tiles, stone, solid wood, composite wood flooring, and Resilient flooring. Ceramic tiles accounted for 59.00% of the total production in the global market in 2021. However, with the increasing popularity of Vinyl flooring (LVT+SPC) in the market due to its availability, installation, durability, and cost-effectiveness, the demand for stone plastic flooring continues to increase, especially in the residential sector. According to the "Catalina Report 2022" released by foreign research institution Catalina Report, the sales amount of stone plastic flooring increased by 18% from 2012 to 2022, reaching \$8.891 billion, surpassing the carpet category.

Sales amount of Vinyl flooring in the United States

Unit: Million US dollars



Data Source: Catalina Report" Catalina Report 2022"

(c) Taiwan market

After the global financial tsunami in 2009, Taiwan's economy has shown a positive growth trend due to the slow recovery of new European economies, the strong recovery of the U.S. economy, and the high growth of mainland China. According to the statistics of the accounting and Statistics Department of the Executive Yuan, Taiwan has shown a positive growth trend for ten consecutive years since 2010, Although the novel coronavirus pneumonia affected the overall economic stagnation in 2020, only 3.39% of the economy was growing in the case of epidemic prevention in Taiwan. In 2021, Taiwan's economic activities will grow,

but Taiwan's economy is affected by uncertain factors such as the war between Russia and Ukraine, monetary policies of various countries, the Sino-US chip bill, and the adjustment of the global semiconductor supply chain. It is estimated that Taiwan's economic growth rate will be 2.75% in 2023 , down 0.31% from 2022.

Economic growth rate of the R.O.C

Unit: %



Data Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan (R.O.C)

Based on the report of Mordor Intelligence, a market research company, up to 2021, the flooring market size in Taiwan was around US\$1.445 billion. The said report forecasts that the flooring market in Taiwan is expected to maintain a stable growth in the future years, following stable growth of the residential and commercial building market. Till 2026, it will expectedly reach a size of US\$1.699 billion. It can be seen that the economic situation of the flooring industry market in Taiwan is in an upturn trend. The main motivating factors of the flooring market in Taiwan include growth of the real estate market, along with increase of consumers' demands for interior renovation and design. In addition, with increase of people's concern about health and the environment, the green and environmental-friendly floor attracts more and more concern and demands in the Taiwan market.

Incidental to increase of consumers' demands for living quality, development of housing decoration rapidly grows. The diversified design idea is integrated into the overall decoration and design. Thanks to technical improvement and progress in simulation technology, the PVC flooring industry in Taiwan meets requirements of designers for diversified flooring design with simple construction. The PVC flooring is endowed with anti-humidity characteristics, compared with the wood floor, so it is consistent with the environment and market features in Taiwan, and is therefore advantageous to development of the Company's industry.

(d) China market

China is a leading global economy and a highly growing developing market. Although China's GDP growth rate has shown a downward trend in recent years, the real estate market in China still shows a growth trend

in sales of residential, office, and commercial properties. The main reason is that China continues to move towards urbanization, which in turn drives demand for related housing and commercial real estate. According to data released by the National Bureau of Statistics of China, the coordinated development of urban and rural areas in China is steadily advancing. In 2022, the urbanization rate of the national permanent population was 65.22%, an increase of 0.50% compared to the same period last year, indicating an increase in urban permanent population and a corresponding increase in housing demand.

According to the report of China Business Industry Research Institute, although the popularity of LVT in China is lower than that in developed countries such as Europe and the United States, in recent years, due to urbanization, aging population, full liberalization of two-child policy and other factors, the demand for construction of public places in the fields of education, sports, elderly care and health is increasing, while LVT products rely on convenient construction, environmental protection, and environmental protection Waterproof and antiskid features, the use has covered residential, commercial office buildings, hospitals, schools, stadiums and other fields, and gradually expand to the home decoration market.

Added value and growth rate of China's construction industry

Unit: CNY billion



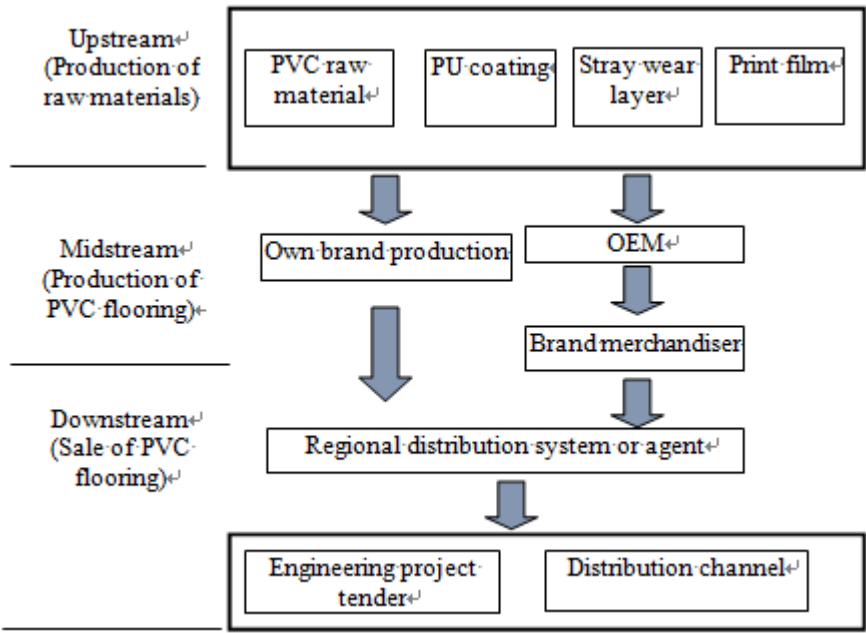
Data Source: China National Bureau of Statistics

Although prevalence of the COVID-19 pandemic made negative impact on the building and renovation industry in China in 2020, leading to decline of output value and sales amount of its building and renovation industry, the global pandemic turned better to drive recovery of the building and renovation industry in China in 2023; the economy grows stably, the urban and rural reconstruction continuously increases, and the rapid urbanization helps the output value of the real estate industry. It is suggested in the data of the National Bureau of Statistics of China that in

2022, the output value of the construction industry increased by RMB8.3383 trillion with a compound annual growth rate of 5.5%. This apparently reveals its growth power. Accompanied by the steady development of China's real estate, kindergarten education, pension and other industries, and the strong support of the government's green environmental protection policy, the overall technical level and product development capacity of LVT have been improved compared with the past, which will be conducive to the rapid growth of the market demand for LVT.

(2) Links between the upstream, mid-stream and downstream segments of the industry

The main raw materials for the sheet plastic flooring refer to various plasticized raw materials, which are produced into various types of sheet plastic flooring through hot press, extrusion or automatic lamination and marketed via the distribution system under the private brand or the distribution channels of branded merchandisers to use the products in residential or commercial engineering construction projects. The relevant industry chain map is stated as follows:



(3) Development trends for the Company's products

① Replace the market shares of other flooring materials in the mature market.

In consideration of the increasingly upgrading production technology of sheet plastic flooring, diversity of products, refinery of simulation with the improvement of production process, materials and printing technology and convenient construction and competitive price, it is expected that the proportion of plastic flooring to flooring materials will increase gradually.

② Development of emerging market

Since the consumers in emerging markets know little about plastic flooring, the market share of plastic flooring stays lower in the market. If the consumers'

knowledge about the product may be upgraded effectively, the market share is expected to definitely grow.

③ Introduction of new products

In the future, the sheet plastic flooring will develop toward materials that are more friendly to the environment and human body, such as PP material and antiviral products, and the convenience of installation of such flooring will be increased. For lock-type products and looselay products, the Company will upgrade the momentum of sales in mature markets (*e.g.* Europe and USA, *et al.*).

④ Development of new technology

Because the plastic flooring would be subject to biological changes by heat, the application areas of the plastic flooring are limited. So far, certain manufacturers have invested the research of materials in order to overcome the problem about the biological changes of traditional plastic flooring by heat. It is expected that the plastic floor market may be developed further if the relevant materials are developed successfully.

⑤ Application in new directions

Given the improvement of appearance and sense of touch of the plastic flooring, the application areas thereof have been thought out of the simple floor layout. Some commercial designs have been integrated into the wall design to increase the sense of beauty for the overall design.

⑥ Promotion of policies in various countries

Europe is used to being the global environmental protection pioneer market. Its market orientation is also used to producing some demonstrative effects for the future development of the other markets. Therefore, high-end environmental protection plastic flooring shall be the focus of the future long-term development trend of the industry.

(4) Status of competition

As a professional PVC flooring manufacturer, the Company mainly engages in research & development, production, and sales of PVC Plank and tile flooring with major outlets in the European and US countries. Because regions in Europe have higher criteria for various certifications of the environment and no harm to human body, it turns out a threshold for Asian suppliers to enter the European OEM market. However, the Company has maintained a long-term and good cooperation relationship with European clients, and our quality, delivery time, and various certifications have all been recognized by them; in addition, we have dealt with PVC sheet flooring for many years with an in-depth understanding of the industry features, and we can correspond to customers' needs by flexible allocation of production capacity, and accurately grasp the market pulses, so we have more edges than other Asian suppliers:

Company name	Major production location	Scope of competition	Remarks
ELETILE	China	Private brand in China market OEM of US and European markets	listed
Zhang Jia Harbor City Yihua Plastic Co., Ltd.	China	Private brand in China market OEM of US and European markets	Unlisted
Shanghai Jinjia Building Material Technology Co., Ltd.	China	OEM of US and European markets	Unlisted

China Floors	China	Private brand in China market OEM of US and European markets	Unlisted
Novalis International	China	Private brand in China market OEM of US and European markets	Unlisted
Vertex Group	China	Private brand in China market OEM of US and European markets	Unlisted
LG Hausys	Korea	Private brand in China market	Note
Nox Corp.	Korea	OEM of US and European markets	Unlisted

Data Source: Data from Catalina Research and LG Hausys, compiled by KGI Securities

Note: LG Hausys is a Korean listed company with stock code 108670.KS. Its product range includes doors, windows, floors, surface materials of furniture, materials of home appliances' surface and IT, car assesory materials.

3. Overview of technology and R&D

(1) Technology level and R&D of business lines

Since the Company was incorporated it has always been dedicated to the production of sheet plastic flooring. In addition to the wear-resistant and scratch-resistant characteristics, the main technology of the Company resides in the stable quality and uniformity of the products. The main raw materials for plastic flooring are PVC (polyvinyl chloride), which change based on temperature. The international standards require that the gap on each piece of brick material shall be no more than 0.25% of the original size. If the physical properties are unstable, the thermal expansion and contraction range produced due to changes in the weather might be so excessive that the floor could be lifted due to thermal expansion or the gap may be enlarged excessively due to thermal contraction. Besides, since the sheet plastic floor is made of multiple sheet flooring material, the inconsistent product quality or inequivalent registered embossing, if any, might cause the customers to identify the product as being defective and claim for a return of goods or compensation therefor. The Company has the experience in mass production for more than 4 decades. By adjusting the formula and production process and stabilizing the properties and uniformity of product, the Company's product quality is thoroughly recognized by the international customers.

The Company believes that "Stable quality is the soul of the product, innovation and research and development is the driving force for growth." At the same time when pursuing excellent quality, Simultaneously establish a R&D Center and a technology department. The R&D Department verifies the market development trends and users' needs via business units or through communication with suppliers and customers to develop and design the new products in line with the market trends. The Technology Department works with the production unit to resolve the problems about production lines and also is responsible for improving the production process, improving the production efficiency, reducing costs and working with the R&D Department to develop new products and adjust the settings of machine, in order to fulfill mass production. With the existing experience in production, the Company integrates the specialty of the R&D Department and Technology Department to stabilize quality and provide diversified and customized product lines, while maintaining the Company's international competitiveness at the same time.

(2) Research and development expenditures invested per year for the most recent years.

Unit: NT\$ thousand; %

Item	Year 2021	Year 2022	2023 Q1
R&D expenses (A)	88,065	56,597	11,926
Consolidated operating revenue, net (B)	3,610,670	3,262,778	533,405
(A)/(B)	2.44	1.73	2.24

III. Technologies or products successfully developed

Since the Company started its business, it has valued the product technology development very much. The Company upgrades the production efficiency and product quality by improving existing production equipment and processes, and also engages in developing new products. The Company's development results in the recent years are stated as following:

Time	Technologies or products successfully developed
2012	Novel environmental protection paper floor/ three-dimensional pattern PVC floor/NON- Phthalate environmental protection floor/PUR high scratch-resistant and chemical-resistant floor
2013	Micro-glue floor/large rounded floor molding technology development
2014	GF fiberglass composite floor/lock-type floor (Note)/paper floor
2015	WPC/PVC composite lock-type floor (Note)/Non-PVC (PP) environmental protection floor/reusable magic sticker floor
2016	Commercial fire-resistant level non-PVC (PP) environmental protection floor Commercial flame-resistant level non-PVC (PP) environmental protection floor (The only one plastic floor product which receives the Green Tag for green construction materials in Taiwan.) Anti-static level non-PVC (PP) environmental protection floor WPC PLUS (commercial level WPC) Plastic floor with carpet looking
2017	Cigarette butt-resistant floor Stain-resistant/scratch-resistant floor
2018	Flame-resistant high-viscosity adhesive wall materials Glue-free anti-slip floor tile Magnetic wall materials Rounded angle floor tile Flexible floor tile SPC floor tile

2019	Anti-contraction Glue-free anti-slip floor tile Lightly SPC lock-type floor
2020	Coffee grounds floor
2021	SPC floor tile with excellent sound insulation improvement (21db)
2022	Rice husk SPC Anti-virus Flooring

Note: The Company acquires the license to use the patent on the lock-type one after paying royalty to Välinge Innovation AB

4. Long-term/short-term business development plan

(1) Short-term business development plan:

- ① Enhance the core technology capabilities, transform into automated machine production, and cut labor costs.
- ② Steadily expand the production scale, increase production lines and upgrade the production process efficiency to maximize the effect of productivity.
- ③ Keep deepening the relationship with customers, provide high-value-added excellent products and achieve the win-win situation between the Company and its customers.
- ④ Set up business locations in various districts of Mainland China step by step, dedicated to deepening the development in the domestic market of the mainland China, and upgrading the business performance and market shares in the market of Mainland China.

(2) Long-term business development plan:

- ① Strengthen the cooperation with the suppliers of the supply chain in the industry, co-develop alternative new materials, reduce production costs and secure strength in the price competition.
- ② Dedicated to researching and developing new materials and excellent products equipped with new functions intended for “environmental protection, comfort and safety” to satisfy the needs of the consumer market.
- ③ Continue to introduce the professionals with international competency to upgrade the Company’s core competitiveness.
- ④ Integrate company resources and move internationally, actively expand the Greater China and North American markets, and expand the company's operations and niche size.

(II) Overview of market and production and marketing

1. Analysis of market

(1) Geographic areas where the main products are sold

Unit: NT\$ thousand; %

Territory	Year 2021	Year 2022	2023 Q1
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	Sales	Ratio	Sales	Ratio	Sales	Ratio
Taiwan	209,953	5.81%	187,581	5.75%	23,621	4.43%
Europe	2,411,952	66.80%	2,069,672	63.43%	363,102	68.07%
North America	515,884	14.29%	553,655	16.97%	96,576	18.11%
China	195,250	5.41%	107,974	3.31%	18,393	3.45%
Others	277,631	7.69%	343,896	10.54%	31,713	5.94%
Total	3,610,670	100%	3,262,778	100.00%	533,405	100.00%

(2) Market share

In terms of PVC Plank and tile flooring which the Company mainly engages in, according to the research statistics of Catalina Research, in 2022, the sales amount of global PVC Plank and tile flooring was approximately US\$28.4 billion, in which top three consumption markets were US, Europe and China in the world. Its proportion will be effectively increased, subsequent to sophistication of PVC flooring production technology and introduction of new products. Among others, the growth rate of the US market is expected to lead other major markets in the world. Accordingly, the growth of the US domestic market will be even more remarkable. According to Catalina's estimation, the sales amount of imported PVC flooring in the US domestic market reached US\$2.815 billion in 2017, and till 2022, the total import amount of resilient floor reached US\$7.533 billion. From 2017 to 2022, the compound annual growth rate was 17.8%.

In terms of global market share, according to the latest statistics from research firm Catalina Reports, the global flooring market reached 267.3 billion US dollars in 2022, with an annual compound growth rate of approximately 6.2% from 2017 to 2022, of which elastic flooring accounted for approximately 13.80%, and the market size was 36.9 billion US dollars. Based on product type statistics (according to the Catalina Reports report, sheet flooring accounts for approximately 77% and roll flooring accounts for approximately 23%), the global market size of sheet plastic flooring is approximately 28.4 billion US dollars (approximately NT \$866,736,760 thousand). Based on our combined revenue of NT \$3,262,778 thousand in 2022, it is estimated that our company accounted for 0.38% of the global market share of sheet plastic flooring sales in the current year.

(3) Future demand and supply and growth potential of the market

In terms of PVC Plank and tile flooring which the Company mainly engages in, according to the research statistics of Catalina Research, in 2022, the sales amount of global PVC Plank and tile flooring was approximately US\$28.4 billion, in which top three consumption markets were US, Europe and China in the world. Its proportion will be effectively increased, subsequent to sophistication of PVC flooring production technology and introduction of new products. Among others, the growth rate of the US market is expected to lead other major markets in the world. Accordingly, the growth of the US domestic market will be even more remarkable. According to Catalina's estimation, the sales amount of imported PVC flooring in the US domestic market reached US\$2.815 billion in 2017, and till 2022, the total import amount of resilient floor reached US\$7.533 billion. From 2017 to 2022, the compound annual growth rate was 17.8%.

In the current market, the market demands of the entire Plank and tile stone plastic composite are mainly pushed by the rigid-core technology. The initial introduced product is wood plastic composite (WPC), and then stone plastic composite (SPC) is gradually developed with higher content of stone powder and more solid and pressure-resistant base material. The stone plastic composite can meanwhile withstand changes of temperature difference, so it is more suitable for commercial locations with higher visitor flow and general daily homes. For that sake, Catalina Research estimates that in the coming few years, stone plastic composite will be the focus of development of PVC Plank and tile flooring as well as investment of most new production lines in the world. That is also the Company's future development direction.

(4) Competition niche

(a) Excellent and uniform product quality

The Company's product quality not only surpasses the certification by customers but also remains uniform in the case of mass production. The product quality is one of the Company's major competitive strengths. Since the PVC tile is made of multiple sheet flooring materials, the inconsistent product quality or inequivalent registered embossing, if any, might cause the customers to identify the product as being defective and claim for a return of goods or compensation therefor. The Company has experience in mass production for more than 4 decades. By adjusting the formula and production process and stabilizing the properties and uniformity of product, the plastic flooring produced in different batches may remain consistent in quality and appearance, and the product quality is thoroughly recognized by international customers.

(b) Complete production equipment and strength in production capacity

The company also has plank sPVC floor-LVT and SPC production lines. The annual production capacity of LVT is 8,959 thousand ping, and the annual production capacity of SPC is 8,031 thousand pings. The production capacity is considered sufficient enough to satisfy customers' needs for one-stop shopping and also helpful for positive business development. Further, the hot press production line is applicable to small-volume but diversified products. The automated lamination production line and SPC line have the strength in mass production and may choose different processes per the customer's order, to reduce production cost and reflect on the selling price to achieve the win-win goal for customers and the Company.

(c) Experience in production and high automation degree

The Company has been engaged in developing the business in the plastic floor industry for more than 4 decades and, therefore, can fully control changes in the industry, adjust raw material costs and inventory in a timely manner, and strictly control the cost. The Company owns the key technology to upgrade the production efficiency through improvement of production process and upgrading of automation level. The Company is experienced in production and able to respond to the

future changes in the market rapidly, thereby enhancing the competitiveness of the Company's products.

(d) Obtain multiple certifications and create market access threshold

The Company has passed ISO 9001, ISO 14001, CE EU safety certification, BRE A + green environmental protection certification, floor score US indoor air health emission standard certification, Green Guard Indoor Chemical Volatility certification, SGS international authoritative standard inspection organization's certification, BV certification, CSTB French Environment and Safety certification, SA8000, and Healthy Green Construction Materials Tag Certificate awarded by the Ministry of Interior, the R.O.C., et al. Considering that European countries and the USA are used to address such issues as environmental protection and social responsibility, most of these countries will require that the products sold to them should hold related certifications. As the Company has obtained said multiple certifications, it may solidify the cooperative relationship with existing customers and also upgrade the threshold of market access by competitors.

(e) Highly systematic logistic management

The Company is committed to integrating various information management systems, e.g. AD (Authority Verification), ERP (Enterprise Resources Planning), DMS (Document Management System), HR (Human Resources System), BPMS (Business Process Management System) and EMS (Enterprise Management System). By integrating the systems, the Company strengthens the collaborative operations between different functionary subsidiaries of the Company, improves the Company's administrative efficiency, controls various cost elements accurately, and maintains the Company's cost competitive strengths.

(f) Excellent ability in research and development and improved production process

Investment in innovative research and development, in order to open up new business opportunities and markets, on the one hand, to meet the new trend of the development of the global environment, on the other hand, to take into account the acceptance of new products by domestic and foreign customers, based on the above, set the general direction of the R & D strategy. First, material lightweight (improve performance), in the face of the trend of rising international shipping freight, especially overseas customers, can effectively reduce the cost of unit product transportation, in addition, can reduce workers due to handling and construction and installation and other injuries, and cause product loss. Second, enhance the added value of products (increase functions), including product functionality, including anti-slip, noise reduction and antibacterial/viral, etc., and strengthen the Group's layout in intellectual property rights, so as to enhance the recognition of new products in the market and international competitiveness. Third, in line with the new trend of circular economy environmental protection, in line with the general direction of the global circular economy, continue to develop in the direction of environmental protection and ecological sustainable products, deepen the corporate value of the group's environmental sustainable development, and invest in innovative

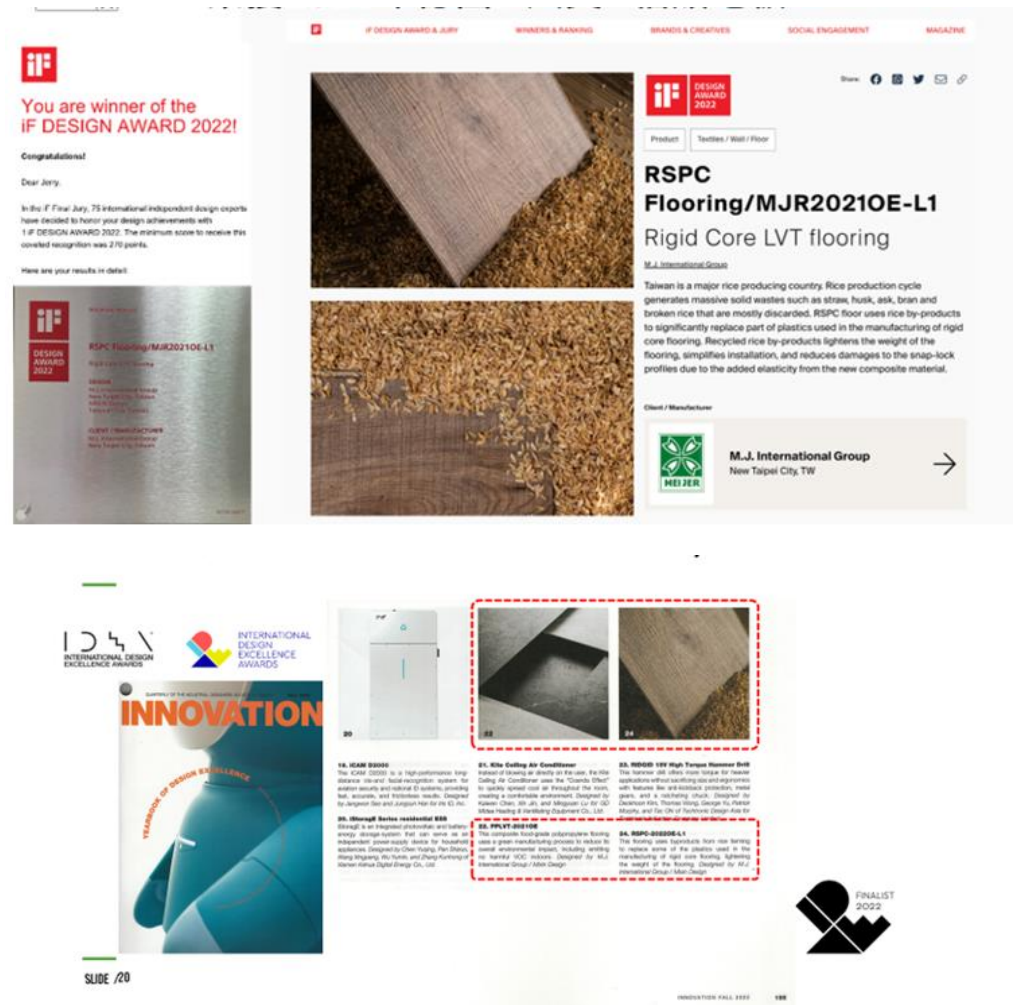
materials, including new product development of agricultural materials such as rice husks or non-PVC.

The R&D center has the professional ability to successfully develop new products, including the development of key technologies from formula design, process improvement to trial production, etc., requiring the team to strive for technical excellence and encouraging cross-departmental cooperation to complete the tasks and set goals delivered.

(g) Design and marketing

In addition to continuously strengthening the competitive advantage of OEMs, and cultivating a strategic marketing team, the company will develop differentiated products according to the R&D results and market development trends. Get rid of OEM competition in the same industry and move towards the ODM development level. In addition, the own design team will also be of positive help to the development of the company's own brand, which will make the company's own brand products have the ability to differentiate. Rice husk flooring and PP (non PVC) flooring won two German Reddot design awards, one German iF design award and one American IDEA award respectively in 2022. In the same year, the famous New York building materials consulting company Material ConneXion listed rice husk flooring in the unit's material database, which was awarded the "Material Exception" stamp.





The recognition of international design awards fully demonstrates Mei Jer's research, development and innovation capability. Concurrently placing emphasis on product innovation, circular economy and environmental-friendly sustainable development, M.J is also a pioneer, leading development of technological and fashioned flooring in terms of product style. In the meantime, FCW, Floor Trends...etc, US professional floor material magazines, also releases related topic reports on Rice husk SPC and PP flooring. This also brings a lot of inquiries about products after the 2023 International Surface Event in Las Vegas, US.

(5) Positive and negative factors for future development, and response to such factors

A. Positive factors

(a) Increasing acceptance of plastic flooring by end users

Following the improvement of technology and handcraft, the sheet plastic flooring overcome such defects as disordered texture, old patterns, and confused colors and are processed through aesthetic design and precision handcraft, as well as strict quality control and production management, into some unique artworks, thereby turning the public impression about the cheap and low-end flooring upside down. As a result, the end users' acceptance of plastic flooring is increasing.

(b) Environmental protection issues catch the world's eyes

The world's concern about environmental protection issues is growing increasingly. Especially, such advanced countries as the European countries and the USA emphasize recycling of resources and maintenance of ecological balance. Replacing the solid wood flooring with plastic flooring products may help reduce deforestation. Besides, the plastic flooring is environmentally friendly, free from causing any harm to human health and is recyclable, and satisfies the characteristics of green construction materials. For example, the industry's first environmentally friendly flooring material, which uses rice husks as raw materials, is a model of circular economy and environmentally sustainable products. Therefore, given the environmental issues concerns by the world, the plastic flooring will become one of the mainstream flooring materials in the future.

(c) Development of new products and expansion of application range

The application range of sheet plastic flooring is extended from the residential market of decorative aesthetics to the commercial market. Given the successful development of new products in the recent years, the various value-added functions have been upgraded, so as to develop the application range of plastic flooring effectively. For example, dual-purpose tiles for floor walls expand the scope of use of plastic flooring. The improvements in technology and handcrafting make it possible to provide more colorful plastic flooring products helpful for designers to conceive more creative ideas and thereby make the plastic flooring more popular. The successful development of the products with new functions, new materials or new colors will help the Company's sales growth effectively.

B. Negative factors

(a) Other flooring materials suppliers also access the market for production of plastic flooring.

Because of the limited existing market growth strength, the other flooring materials suppliers also access the market for the production of plastic flooring. For example, such companies as IVC, US Floors and Mannington, which were initially engaged in super wear-resistant wood flooring materials, access the market for plastic flooring too.

Response to such factors

The Company is very experienced in mass production. Meanwhile, the Company has obtained multiple certifications. It maintains fair interaction with the existing customers' needs, solidifies the cooperative relationship with the existing customers and also works hard to develop new products, in order to attract potential customers and make them become the Company's loyal customers with the Company's diversified products, competitive price and sound production strength.

The Company continues to upgrade the customers' service to solidify the cooperative relationship with the existing customers, and also works hard to develop new products to maintain its competitive edge in production technology and cost and to attract potential customers and make them become the Company's loyal customers.

(b) Raw materials price fluctuation

The Company's main raw materials are extracted from crude oil. Given the fluctuation of crude oil price, the price of raw materials is prone to fluctuate too. The increase in raw materials price will result in the increase in procurement costs and loss of gross profit. The decrease in raw material price will result in the pressure from downstream customers who will ask for a price reduction. Therefore, the raw materials price fluctuation renders some considerable impact on the Company's profitability.

Response to such factors

The Company controls the market price of main raw materials from time to time, strictly controls the inventory level and adjusts the safe stock quantity subject to the raw materials price fluctuations. When the main raw materials price rises, the Company's gross profit suffers a loss. For the purpose of sustainability, the Company's sales unit agrees with the customers on the unit selling price and adopts the sale policy to increase the unit price of goods sold on installment or have the cost for the increase in the raw materials price to be borne by the Company and the customers in part to mitigate the impact to the Company's operating revenue and profitability caused by the raw materials price fluctuations. In the case of raw materials cost decline, in response to the market competition, the Company decides on the price reduction ratio, subject to the decline range and feed the reduction back to downstream customers to create a win-win situation for the Company and its customers.

The Company controls the market price of the main raw materials from time to time, strictly controls the inventory level, and adjusts the safe stock quantity subject to the raw materials price fluctuations. When the raw material price tends to increase or decline, the Company's sale unit agrees with the customers on the unit selling price to create a win-win situation for the Company and its customers.

(c) Threat from Free Trade Agreement

Considering the fact that various global zones have signed the Free Trade Agreement successively in the recent years, the tariff reduction becomes critical to the suppliers' competitiveness in quotations in various countries and thereby affects the existing business cooperation model.

Response to such factors

As a leader of technology in the sheet plastic flooring industry, the Company owns the top production ability in the world. It will continue to strengthen its automated equipment and provide customers with the products at more competitive prices by improving process efficiency, upgrading production efficiency and reducing the manufacturing cost. Meanwhile, the Company will focus on the production management, maintain the high-end quality and create differentiation of products to upgrade the Company's competitiveness.

2. Important purpose and production processes for main products

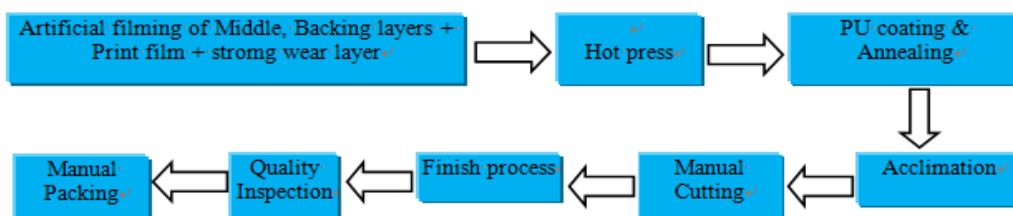
(1) Important purpose of main products

By Product	Notes to purpose
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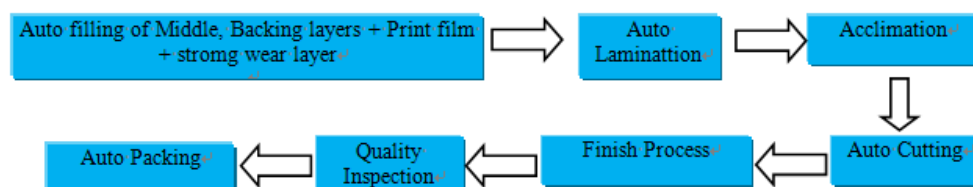
Luxury Vinyl Tile	The flooring materials applied to construction or decoration.
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(2) Production processes for main products

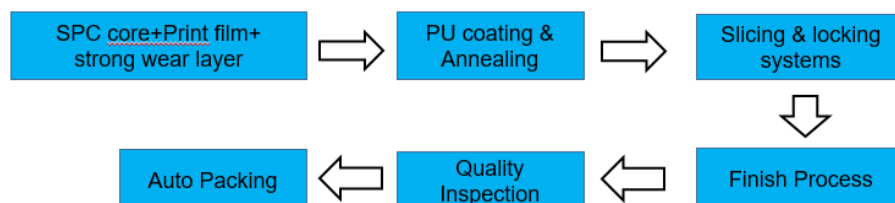
A. Hot Press



B. Automatic lamination



C.SPC



3. Supply of the main raw materials

The Company is engaged in the production of sheet plastic flooring. The raw materials purchased by the Company primarily include PVC powder, plasticizer, PVC transparent materials, PVC printing film, Ethylene Vinyl Acetate (EVA), and paper cassette packaging materials, *et al.* The main raw materials are supplied by more than one supplier to enhance the mobility for the source of supply. So far, the Company's solvency to suppliers has been considered normal. Usually, the Procurement Department is responsible for maintaining the business relationship with suppliers. The supply of main raw materials is considered normal, and no interruption of supply has taken place.

4. List of principal suppliers and clients

(1) Names of suppliers accounting for 10 percent or more of the Company's total procurement amount in any of the most recent two years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in said figures.

Item	Year 2021				Year 2022				2023Q1			
	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer
1	HSIUNG STAR	566,776	24.36	None	HSIUNG STAR	318,033	19.72	None	HSIUNG STAR	60,055	20.49	None
2	zhuhai UPC	278,690	11.98	None	Chengyufen g	247,987	15.37	None	Chengyufen g	47,166	16.10	None

3	Jiangsu Dali	239,226	10.28	None	Jiangsu Dali Zhuhai	149,206	9.25	None	Jiangsu Dali Zhuhai	27,757	9.47	None
	Others	1,242,383	53.38		Others	897,832	55.66		Others	158,063	53.94	
	Net procurement amount	2,327,075	100.00		Net procurement amount	1,613,058	100.00		Net procurement amount	293,041	100.00	

Notes:

① HSIUNG STAR

The decrease in 2022 compared to 2021 is mainly due to the slowdown in the local economy of major customers, resulting in a decrease in orders and a consequent decrease in purchases.

② Zhuhai UPC

The reason for the decrease in 2022 compared to 2021 is the addition of plasticizer suppliers (Guansheng Chemical) and the decrease in orders, resulting in a decrease in purchases from Zhuhai UPC.

③ Jiangsu Dali

The decrease in 2022 compared to 2021 is mainly due to the slowdown in the local economy of major customers, resulting in a decrease in orders and a consequent decrease in purchases.

④ Chengyufeng

Because Chengyufeng's quotation is competitive, and the delivery date can meet the needs of the group stably, the purchase amount of Chengyufeng increased due to the suspension of trading with Wuhai Chemical.

(2) Names of clients accounting for 10 percent or more of the Company's total sale amount in any of the most recent two years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in said figures

Unit: NT\$ thousand

Item	Year 2021				Year 2022				2023 Q1			
	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer
1	Company A	1,524,978	42.24	None	Company A	1,271,582	38.97	None	Company A	218,223	40.91	None
2	Company B	840,218	23.27	None	Company B	751,934	23.05	None	Company B	96,002	18.00	None
3	Other	1,245,474	34.49	-	Other	1,239,262	37.98	-	Other	219,180	41.09	-
	Net sale amount	3,610,670	100.00	-	Net sale amount	3,262,778	100.00	-	Net sale amount	533,405	100.00	-

Analysis on changes:

A: Company A

Because with the gradual stabilization of the epidemic, Company A carried out inventory adjustment, and the rise in energy caused inflation, the European Central Bank announced an interest rate increase in the second half of 2022 in order to suppress inflation. The European economy suffered a recession due to the rise in interest rates, which caused Company A to reduce orders.

B: Company B

As the epidemic situation gradually stabilized, Company B adjusted its inventory, and the rise of energy caused inflation, the European Central Bank announced an interest rate increase in

the second half of 2022 to suppress inflation. The European economy declined due to the impact of the interest rate increase, which caused Company B to reduce orders.

5. An indication of the production volume for the recent two years

Unit: Thousand pings; NT\$ thousand

Year Main product	Year 2021			Year 2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Plastic flooring	9,371	6,091	3,116,743	9,050	4,335	2,204,983

Analysis on changes:

The Company's output value in 2022 decreased compared to 2021, mainly due to inventory adjustments by major customers, coupled with inflation caused by energy inflation, and the European Central Bank's announcement of interest rate hikes in the second half of 2022 to curb inflation. The European economy has stagnated due to the impact of interest rate hikes, leading to a decrease in orders from major customers.

6. An indication of the sale volume for the most recent two years

Unit: Thousand pings; NT\$ thousand

Year Main product	Year 2021				Year 2022			
	Domestic sale (Note)		Export		Domestic sale (Note)		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastic flooring	-	-	5,998	3,610,670	-	-	4,579	3,262,778

Note: The Company is organized in the British Cayman Islands, but doesn't engage in sale business locally. Therefore, no domestic sale is applicable.

III The number of employees employed for the most recent two years

Unit: Persons

Year		2021 Year End	2022 Year End	As of the printing date of the annual report
Number of employees	Managers	8	10	8
	Production line employees	612	533	526
	General employees	288	266	271
	Total	908	809	805

Average age (years old)		39.27	39.27	43.20
Average service seniority (years)		4.94	4.94	6.29
Academic background	Doctor	0.22%	0.37%	0.37%
	Master	2.97%	3.71%	2.61%
	University/college	17.96%	16.69%	19.88%
	Senior high school	16.52%	25.46%	25.59%
	Senior high school below	62.33%	53.77%	51.55%

IV Information about environmental protection expenditure

Total losses (including damages) and fines for environmental pollution for the most recent year, and during the current year up to the date of publication of the annual report, and an explanation of the countermeasures (including corrective measures) and possible expenditure to be made in the future (including an estimate of losses, fines and compensation resulting from any failure to adopt corrective measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible):

From 2022 to 2023, as of the publication date of the newspaper, there will be no environmental violations and penalties for violations. Therefore, there has been no material adverse impact on the Group's financial business due to violation of environmental laws and regulations.

V Labor relations

1. List any employee benefit plans, continuing education, training, retirement systems and the status of their implementation and the status of labor-management agreements and measures for preserving employees' rights and interests:

- (1) Employee benefit plans

The Company and its subsidiaries are used to caring employees' benefits, and establish various management regulations and requirements, such as salary, promotion, rewards and punishments, leave and social insurance, which comply with the local laws and regulations. Employees shall take the health check-up periodically during their employment. The Company provides meal allowance or clean and sanitary meals. The subsidiaries also provide the dormitory for employees or accommodation allowance, and various subsidies for marriage, funeral, festival, birthday celebration and trips to take care of the employees physically and mentally.

- (2) Continuing education and training

The Company and its subsidiaries are used to valuing employees' training, including the subsidies for orientation training, on-the-job training and external training (fully compensated). They practice the educational training system and strengthen the employees' professional knowledge or skill training, subject to the employees' functional development and career planning to improve the employees' quality and skills.

- (3) Retirement systems and the status of their implementation

In order to take care for the retired employees' life, the Company and its subsidiaries have already contributed pension or retirement funds to the designated account pursuant to the laws and regulations applicable in the countries where they are operating on a monthly basis.

- (4) Status of labor-management agreements and measures for preserving employees' rights and interests.

The Company and its subsidiaries are used to valuing the employees' opinion, actively promote the democratic management and public disclosure of facility affairs,

and convene employee representatives' meetings as scheduled. The employees' opinions may be communicated and negotiated via relevant channels to maintain the fair labor-management relationship. So far, no major labor-management disputes have taken place.

2. In the past two years and up to the date of publication of the annual report, the company has suffered losses due to labor disputes, and disclosed the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, it should explain the fact that it cannot be reasonably estimated: None.

VI Cyber Security Management

1. Describe the information security risk management structure, information security policies, specific management plans, and resources invested in information security management, etc.:

The group (company) complies with the Taiwan Stock Exchange's regulations on information security management and control of listed OTC companies Requirements of guidelines and other relevant laws and regulations, which strengthen information security management, and enable the safe operation of personnel, data, information systems, equipment and networks related to information operations, so that they are free from internal and external deliberate or accidental threats. Information security policy as the highest guiding principle.

Its scope is the security management of the company and all subordinate company information assets under its control, and all employees, contractors, consultants, temporary employees, customers, and third-party personnel involved in the company's information operations or data use should follow. In addition, for the following matters, the relevant management plan will be completed in 2023:

- (1) Information Security Policy Development and Evaluation
- (2) Information Security Organization and Responsibilities
- (3) Personnel safety management and education training
- (4) Information Asset Security Management
- (5) Physical and Environmental Security Management
- (6) System Access Control
- (7) Computer System Job Safety Management
- (8) Network Security Management
- (9) Security Management for System Development and Maintenance
- (10) Operations Continuous Management Plan Management

Evaluate the effectiveness of implementation on a regular basis and report information security implementation to the board of directors to reflect relevant laws, the latest developments in the company's business and technology, and ensure the suitability and effectiveness of operations. The current management plan is:

- (1) Information security operation and protection:

The company has an information department, which is responsible for the company's information security management. Establish information security incident reporting procedures, and assign necessary responsibilities to relevant personnel to quickly and effectively deal with information security incidents, establish system backup facilities, and regularly perform necessary data and software backup and backup operations, so that when disasters or storage media fail , can resume normal operation quickly.

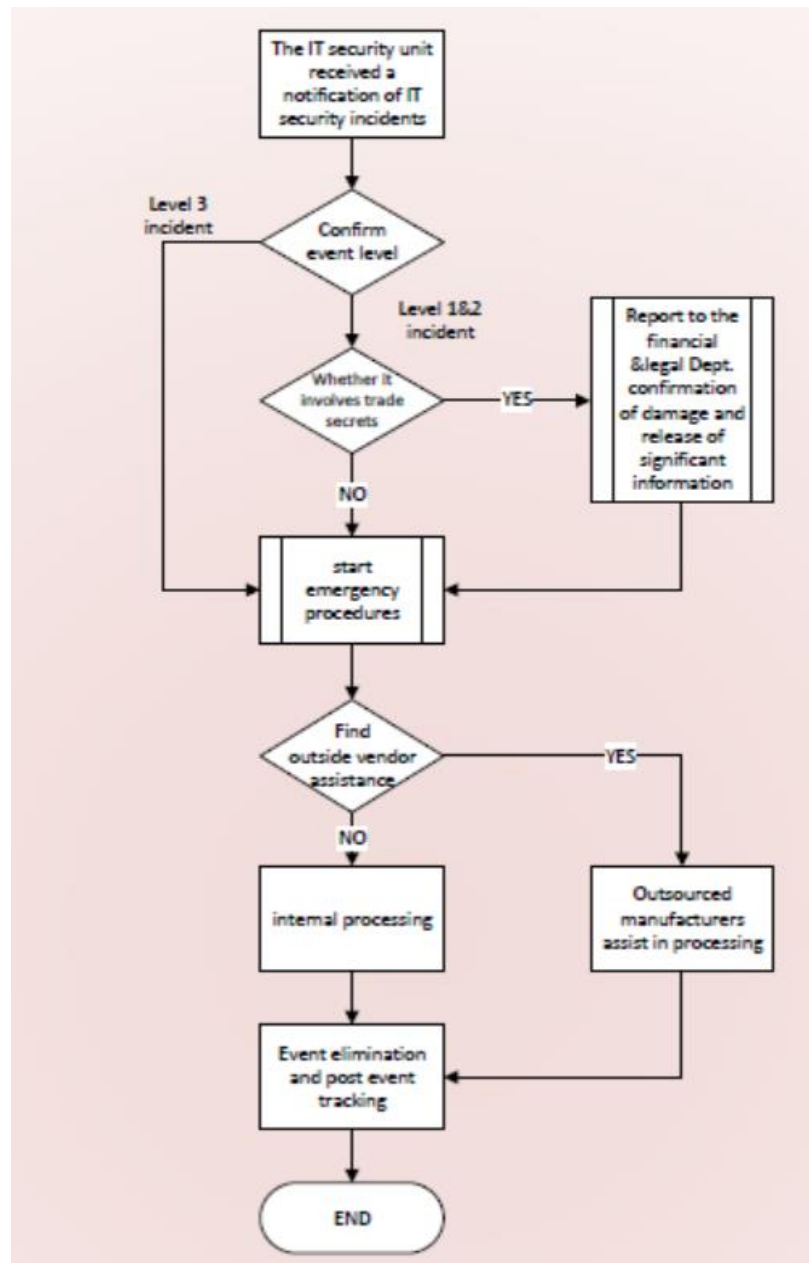
(2) Network security:

For outlets connected to the external network, a firewall is set up to control the external and DMZ areas, to ensure the security of data transmission between internal and external networks, and to regularly check internal network facilities and anti-virus systems, And regularly update the virus code of the anti-virus software and various security measures (data backup, spam defense system code update)

(3) System access control management:

When logging in to each operating system, according to the system access rights necessary for personnel at all levels to perform tasks, the system management personnel of the information department set the account number and password with the authority, update the password regularly, and add a USB Control software, register and control the use of external access USB devices by various departments, and the storage USB devices that have been certified and registered by the Ministry of Information can access data.

Information security event handling process:



The company will establish an information security unit in the future. Initially,

there will be a dedicated supervisor and a specialist who will be responsible for the coordination and promotion of information security management matters, and coordinate the coordination and research of information security policies, plans, resource scheduling and other matters. Regular meetings are held to review and promote information construction, security policies, and responsibility assignments, and assist audit units in auditing information security actions. According to the needs of information security management, the information security unit shall be designated to be responsible for planning and implementing information security work, and the dedicated supervisor and personnel of the information security unit shall regularly participate in more than 15 hours of information security professional course training or functional training and pass the assessment every year.

2. Major information security incidents:

List the losses, possible impacts and countermeasures of major information security incidents in the last two years and up to the publication date of the public statement. If it cannot be reasonably estimated, it should explain that it cannot be reasonably estimated Facts: None

VII Important contracts

Name of the contract	Contracting party	Concerned party	Duration of contract	Main contents
Financial Contract	OPULENT INTERNATIONAL	Citi Bank Taiwan	2013/6/13 ~until Now	General agreement for banking transactions
Financial Contract	OPULENT INTERNATIONAL Branch Office	CTBC Bank (Taipei)	2022/11/28 ~2023/11/28	General Agreement for Omnibus Credit Lines
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~until Now	General Agreement for Credit Lines
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~ 2030/12/29	Medium and long-term credit contract
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~2030/12/29	Medium and long-term credit contract
Financial Contract	Taiwan MJ	Mega International Commercial Bank	2020/5/7 ~2030/12/29	Medium and long-term credit contract
Financial Contract	Taiwan MJ	Taipei Fubon Commercial Bank, Taipei Branch	2020/3/26 ~until Now	General Credit Agreement
Financial Contract	Taiwan MJ	The Shanghai Commercial & Savings Bank	2021/7/16 ~2026/7/16	Credit transaction contract
Financial Contract	OPULENT INTERNATIONAL Branch Office	Taishin International Bank	2020/11/12 ~until Now	General Agreement for Credit Lines
Financial Contract	Taiwan MJ	Taishin International Bank	2020/11/12 ~until Now	General Agreement for Credit Lines
Financial Contract	OPULENT INTERNATIONAL Branch Office	KGI Bank	2022/5/25 ~until Now	Accounts Receivable Acquisition and Financing Contract
Financial Contract	OPULENT INTERNATIONAL & Branch Office	KGI Bank	2022/5/25 ~until Now	General letter of credit agreement
Financial Contract	OPULENT INTERNATIONAL Branch Office	ESUN Bank	2022/8/12 ~until Now	General letter of credit agreement
Financial Contract	Taiwan MJ	ESUN Bank	2022/8/12 ~until Now	General letter of credit agreement
Financial Contract	OPULENT INTERNATIONAL Branch Office	First Bank	2022/9/15 ~until Now	Letter of agreement
Sales Contract	Taiwan MJ	Company K	2005/2/20~ Terminated upon both parties' agreement	OEM for plastic flooring under brand owned by customer
Sales Contract	Taiwan MJ	Company E	2011~ Terminated upon both parties' agreement	OEM for plastic flooring under brand owned by customer
Sales Contract	Taiwan MJ	Sing Cheng Lin Co., Ltd.	2023/01/01~ 2023/12/31	OEM & Supply Agreement

Sales Contract	Taiwan MJ	Fu Ming Corporate	2023/01/01~2023/12/31	OEM & Supply Agreement
Patent Contract	Dongguan Prolong / Dongguan MJ	Valinge Innovation AB	2013/03/22~2057/01/31	Agreement for License of Lock-Type Tiles
Patent Contract	Dongguan Prolong / Dongguan MJ	Valinge Innovation AB	2013/03/22~2025/05/01	Agreement for License of Lock-Type Tiles
Insurance Contract	OPULENT INTERNATIONAL Branch Office	The Export-Import Bank of the Republic of China	2022/12/31~2023/12/30	Insurance for accounts receivable
Insurance Contract	Taiwan MJ	Hotai Insurance	2022/10/10~2023/10/10	Commercial Fire Insurance
Insurance Contract	Taiwan MJ	Shin Kong Insurance	2022/11/30~2023/11/30	Electronic Equipment Comprehensive Insurance
Insurance Contract	Taiwan MJ	Xin'an Tokyo Marine Insurance	2022/11/29~2023/11/29	Commercial Fire Insurance
Insurance Contract	Chongqing MJ	China Pacific Insurance Co., Ltd.	2023/01/01~2023/12/31	Property, plant and equipment
Insurance Contract	Wuhan MJ	China Pacific Insurance Co., Ltd.	2022/01/01~2022/12/31	Property, plant and equipment
Insurance Contract	Dongguan MJ	China Pacific Insurance Co., Ltd.	2022/12/27~2023/12/26	Insurance for property plant and equipment and inventory
Insurance Contract	Dongguan Prolong	China Pacific Insurance Co., Ltd.	2022/12/27~2023/12/26	Insurance for property plant and equipment and inventory
Insurance Contract	Shanghai MJ	China Pacific Insurance Co., Ltd.	2023/01/01~2023/12/31	Property, plant and equipment
Insurance Contract	Beijing MJ	China Pacific Insurance Co., Ltd.	2023/01/01~2023/12/31	Property, plant and equipment
Insurance Contract	Shenyang MJ	China Pacific Insurance Co., Ltd.	2023/01/01~2023/12/31	Property, plant and equipment
Insurance Contract	Xi'an MJ	China Pacific Insurance Co., Ltd.	2023/01/01~2023/12/31	Property, plant and equipment

Six. Financial Overview

I. Condensed financial information for the most recent five years

(I) Condensed balance sheet and income statement

1. Consolidated balance sheet

Unit: NT\$ thousand

Item \ Year		Condensed financial information for the most recent five years					Financial information ended on March 31, 2023 (Note 2)
		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	
Current assets		2,604,307	2,578,382	2,454,394	2,872,155	2,563,095	2,487,412
Property, Plant and Equipment		989,331	1,522,937	1,822,494	2,785,940	3,594,021	3,567,254
Intangible Assets		2,416	39,064	28,699	21,551	17,568	15,351
Other assets		172,807	246,418	207,926	303,602	221,145	323,072
Total assets		3,768,861	4,386,801	4,513,513	5,983,248	6,395,829	6,393,089
Current liabilities	Before distribution	1,277,245	1,742,539	642,751	1,476,419	1,621,188	1,715,184
	After distribution	1,475,422	2,013,381	840,928	1,522,395	1,719,707	Note1
Non-current liabilities		54,506	22,456	1,210,884	2,030,289	2,148,431	2,197,289
Total liabilities	Before distribution	1,331,751	1,764,995	1,853,635	3,506,708	3,769,619	3,912,473
	After distribution	1,529,928	2,035,837	2,051,812	3,552,684	1,529,928	Note1
Equity attributable to owners of the parent		2,437,110	2,591,880	2,632,398	2,432,780	2,593,305	2,460,121
Capital stock		660,590	660,590	660,590	660,590	660,590	660,590
Capital surplus		1,205,967	1,205,967	1,229,455	1,229,455	1,229,455	1,229,455
Retained earnings	Before distribution	650,599	853,211	861,354	731,499	829,017	686,293
	After distribution	452,422	582,369	663,177	685,523	730,498	Note1
Other equity		(80,046)	(127,888)	(119,001)	(167,314)	(104,307)	(94,767)
Treasury stock		-	-	-	(21,450)	(21,450)	(21,450)
Non-controlling interest		-	29,926	27,480	43,760	32,905	20,495
Total equity	Before distribution	2,437,110	2,621,806	2,659,878	2,476,540	2,626,210	2,480,616
	After distribution	2,238,933	2,350,964	2,461,701	2,430,564	2,527,691	Note1

Note 1: The motion for distribution of earnings for the year is still pending resolution by the shareholders' meeting.

Note 2: The consolidated financial statements of Q1 in 2023 reviewed by the independent external auditor is adopted.

2. Condensed income statement

Unit: NT\$ thousand

Item \ Year	Condensed financial information for the most recent five years					Financial information ended on March 31, 2023 (Note)
	Year2018	Year2019	Year2020	Year2021	Year2022	
Operating revenue	2,979,348	3,468,163	2,882,490	3,610,670	3,262,778	533,405
Gross profit	645,476	891,547	785,648	624,466	688,967	56,242
Operating profit	258,179	438,782	405,124	86,608	151,336	(36,312)
Non-operating revenue and expense	56,524	18,902	(43,317)	(18,341)	29,200	(11,224)
Net profit before tax	314,703	457,684	361,807	68,267	180,536	(47,536)
Net profit from continuing operations	310,436	402,334	277,751	61,494	129,208	(56,461)
Loss from discontinued operation	-	-	-	-	-	-
Net profit(loss)	310,436	402,334	277,571	61,494	129,208	(56,461)
Other current comprehensive income (net after tax)	(47,316)	(48,681)	7,855	(49,507)	65,017	9,386
Total current comprehensive income	263,120	353,653	285,426	11,987	194,225	(47,075)
Net profit attributable to owners of the parent	310,436	402,465	278,985	68,578	143,494	(44,205)
Net profit attributable to non-controlling interest	-	(131)	(1,414)	(7,084)	(14,286)	(12,256)
Total comprehensive income attributable to owners of the parent	263,120	354,623	287,872	20,009	206,501	(34,665)
Total comprehensive income attributable to non-controlling interest	-	(970)	(2,446)	(8,022)	(12,276)	(12,410)
EPS	4.70	6.09	4.22	1.04	2.18	(0.67)

Note: The consolidated financial statements of Q1 in 2023 reviewed by the independent external auditor is adopted.

- (II) Matters of material significance which affected the comparability of said condensed financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments etc., and the impact of these events on the current financial statements: None.

(II) Names and auditor's opinions of the attesting CPA for the most recent five years:

Year	Name of Firm	Name of CPA	Opinion
2018	Deloitte Taiwan	Yu Cheng-Chuan and Chang Keng-Hsi, CPAs	Unqualified opinions
2019	Deloitte Taiwan	Chen Chiang-Shiun and Chang Keng-Hsi, CPAs	Unqualified opinions
2020	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei, CPAs	Unqualified opinions
2021	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei, CPAs	Unqualified opinions
2022	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei CPAs	Unqualified opinions

II. Financial analysis

Unit: %

Analysis items (Note 2)		Financial analysis for the most recent five years					Ended on March 31, 2023 (Note 1)
		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	
Financial structure	Ratio of liabilities to assets	35.34	40.23	41.07	58.61	58.94	61.20
	Ratio of long-term capital to property, plant and equipment	246.34	172.15	212.39	161.77	132.85	131.13
Solvency	Current ratio	203.90	147.97	381.86	194.54	158.10	145.02
	Quick ratio	168.96	117.91	295.49	136.57	117.91	110.62
	Interest coverage ratio	62.30	84.52	39.77	5.98	6.42	(1.83)
Operating ability	Receivable turnover (counts)	2.95	3.43	2.85	2.96	3.13	3.55
	Average days for cash receipts	124	106	128	123	117	103
	Inventory turnover (counts)	7.36	6.62	4.92	5.64	4.73	4.07
	Payables turnover (counts)	5.89	6.3	6.71	8.54	8.11	9.16
	Average days for sale of goods	50	55	74	65	77	90
	property, plant and equipment turnover (counts)	3.01	2.28	1.58	1.30	0.91	0.60
	Total assets turnover (counts)	0.77	0.85	0.65	0.69	0.53	0.33
Profitability	Return on assets (%)	8.18	9.97	6.41	1.38	2.52	(2.69)
	Return on equity (%)	12.40	15.91	10.51	2.39	5.06	(8.84)
	Ratio of income before tax to paid-in capital (%) (Note 6)	47.64	69.28	54.77	10.33	27.33	(7.20)
	Net profit ratio (%)	10.42	11.6	9.63	1.70	3.96	(10.59)
	EPS (NT\$)	4.70	6.09	4.22	1.04	2.18	(0.67)
Cash flow	Cash flow ratio (%)	38.02	15.24	44.46	(30.54)	77.32	3.16
	Cash flow adequacy ratio (%)	121.22	76.31	60.64	16.64	40.96	35.61
	Cash reinvestment ratio (%)	2.81	2.04	0.32	(12.03)	20.92	0.95
Leverage	Operating leverage	1.42	1.31	1.41	3.02	2.26	(0.58)
	Financial leverage	1.02	1.01	1.02	1.19	1.28	0.68

The reasons of change made on diversified finance ratio over the latest past 2 years are stated as follows.
(analysis is exempted in case of the increase/decrease rate not reaching 20%)

1. The percentage of long-term fund accounted for real estate, plant and equipment: The increase in the amount of property, plant and equipment was mainly due to the construction of a new factory in Tainan and the purchase of machinery and equipment, as well as the gradual completion of plant construction and equipment.
2. Return on assets 、Return on equity 、Ratio of income before tax to paid-in capital 、Net profit ratio 、EPS and Operating leverage : This is mainly due to the increase in prices from the end of 2021 to the first quarter of 2022 in response to the continuous increase in raw material prices in 2021 and the continued purchases by customers in the first half of the year, as well as the appreciation of the U.S. dollar exchange rate, resulting in an increase in after-tax income.
- 3.. Cash flow ratio 、Cash flow adequacy ratio 、Cash reinvestment ratio: This is mainly due to an increase in gross profit and thus an increase in net income before tax as compared to fiscal 2021, as well as an increase in cash inflow due to a decrease in accounts receivable as a result of higher product prices.
4. Operating leverage : Mainly attributable to the increase in operating profit for the period.

Note 1: The consolidated financial statements of Q1 in 2023 audited by the independent external auditor is adopted.

Note 2: The equation applied by the financial analysis is stated as following:

1. Financial structure
 - (1) Ratio of liabilities to assets = Total liabilities / total assets.
 - (2) Ratio of property, plant and equipment to long-term capital = (Total equity + non-current liabilities) / property, plant and equipment, net.
2. Solvency
 - (1) Current ratio = Current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Interest coverage ratio = Income before income tax and interest expenses / current interest expenses.
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average receivables (including accounts receivable and notes receivable resulting from operation)
 - (2) Average days for cash receipts = 365 / receivables turnover.
 - (3) Inventory turnover = Cost of goods sold / average inventory.
 - (4) Payables (including accounts payable and notes payable resulting from operation) turnover = Cost of goods sold / balance of average payables (including accounts payables and notes payable resulting from operation)
 - (5) Average days for sale of goods = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales / average property, plant and equipment, net.
 - (7) Total asset turnover = Net sales / average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + interest expenses × (1 - tax rate)] / average total assets.
 - (2) Return on equity = Income after tax / average total equity.
 - (3) Net profit ratio = Income after tax / net sales.
 - (4) EPS = (Income attributable to owners of the parent - preferred stock dividend) / weighted average number of outstanding shares. (Note 3)
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / for the most recent five years (capital expenditure + increase in inventory + cash dividend).
 - (3) Cash reinvestment ratio = (Net cash from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)

Note 1: The consolidated financial statements of Q1 in 2023 audited by the independent external auditor is adopted.

Note 2: The equation applied by the financial analysis is stated as following:

1. Financial structure
 - (1) Ratio of liabilities to assets=Total liabilities/total assets.
 - (2) Ratio of property, plant and equipment to long-term capital=(Total equity+non-current liabilities)/property, plant and equipment, net.
2. Solvency
 - (1) Current ratio=Current assets/current liabilities.
 - (2) Quick ratio=(current assets-inventory-prepaid expenses)/current liabilities.
 - (3) Interest coverage ratio=Income before income tax and interest expenses/current interest expenses.
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average receivables (including accounts receivable and notes receivable resulting from operation)
 - (2) Average days for cash receipts=365/receivables turnover.
 - (3) Inventory turnover=Cost of goods sold/average inventory.
 - (4) Payables (including accounts payable and notes payable resulting from operation) turnover = Cost of goods sold/balance of average payables (including accounts payables and notes payable resulting from operation)
 - (5) Average days for sale of goods=365/inventory turnover.
 - (6) Property, plant and equipment turnover=Net sales/average property, plant and equipment, net.
 - (7) Total asset turnover=Net sales/average total assets.
4. Profitability
 - (1) Return on assets=[Income after tax+interest expenses×(1–tax rate)]/average total assets.
 - (2) Return on equity=Income after tax/average total equity.
 - (3) Net profit ratio=Income after tax/net sales.
 - (4) EPS=(Income attributable to owners of the parent–preferred stock dividend)/weighted average number of outstanding shares. (Note 3)
5. Cash flow
 - (1) Cash flow ratio=Net cash flow from operating activities/current liabilities.
 - (2) Net cash flow adequacy ratio=Net cash flow from operating activities for the most recent five years/for the most recent five years (capital expenditure+increase in inventory+cash dividend).
 - (3) Cash reinvestment ratio=(Net cash from operating activities–cash dividend)/(gross property, plant and equipment+long-term investment+other non-current assets+working capital). (Note 4)
6. Leverage:
 - (1) Operating leverage = (Operating revenue, net–variable operating costs and expenses) / operating profit) (Note 5).
 - (2) Financial leverage = Operating profit / (operating profit - interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:

1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In case of raising capital through issuing new shares or transactions of treasury stocks, calculate also the weighted average quantity of outstanding shares in the period of circulation.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the net income after tax or add the net loss after tax. If the accumulated preferred shares are not accumulative in nature, dividend for preferred shares shall be deducted from the income after tax, if any. In case of loss, no adjustment shall be made.

Note 4: Cash flow analyses shall take the following factors into account:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The Company, as an issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

Note 6: In the case of shares issued by the Company with no par value or a par value other than NT\$10 per share, said ratio of the paid-in capital shall be replaced by the ratio of the equity attributable to owners of the parent referred to in the balance sheet.

III. Audit Committee's Audit Report

M. J. International Co., Ltd.

Review Report from the Audit Committee

This report is to certify that the Company's 2022 business report, financial statement and the motion for allocation of earnings were prepared and submitted by the Company's Board of Directors, and the financial statement contained therein were already audited by Deloitte Taiwan, which also issued an audit report containing unqualified opinions. The Audit Committee, after completing the review on said reports and statements prepared and submitted by the Board of Directors, believes that they are free of material misstatements and thus has submit this report according to Article 14-4 of the Securities and Exchange Act and 219 of the Company Act.

Please review accordingly.

To:

2023 Annual General Shareholders' Meeting of M. J. International Co., Ltd.

M. J. International Co., Ltd.

Chairman of Audit Committee:

Lee,Chen-Hung

March 23 2023

IV. Consolidated financial statements and auditing report for the most recent year

M. J. International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

The Board of Directors and Shareholders
M. J. International Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of M.J. International Co., Ltd. and its subsidiaries (collectively referred to as the “M.J. Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the M.J. Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the M.J. Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the audit of the M.J. Group's consolidated financial statements for the year ended December 31, 2022 are stated below:

M.J. Group's consolidated revenue was \$3,262,778 thousand for the year of 2022. The accounts receivable from customer A had a long turnover rate and the sales amount accounted for 39% of the consolidated revenue. Therefore, the occurrence of revenue from these customers is considered as a critical review in this year's consolidated financial statements. Please refer to Note 4(14) and Note 25 to the consolidated financial statements for the description of the revenue recognition policy.

Our audit procedures performed included the following :

1. Through understanding the design and implementation of the internal control over sales and collection cycle, we accordingly designed audit procedures on the internal control over sales and collection cycle, in order to confirm and evaluate the effectiveness of the M.J. Group's internal control over sales and collection cycle.
2. We selected appropriate samples from the sales transactions with the above-mentioned customer; reviewed shipment orders, invoices, bill of lading, and other customs documents; and verified remittance counterparties and cash receipts process, in order to confirm the occurrence of sales.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the M.J. Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the M.J. Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the M.J. Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the M.J. Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the M.J. Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the M.J. Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the M.J. Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the M.J. Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiang-Shiun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 30, 2023

M. J. International Co., Ltd. and subsidiaries
CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,089,427	17	\$ 336,209	6
Financial assets at fair value through profit or loss (Notes 4 and 7)	6,394	-	26,266	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 10 and 34)	118,670	2	135,268	2
Financial assets at amortized cost - current (Notes 4,9, 10 and 34)	36,732	1	1,387	-
Notes receivable (Notes 4, 11 and 25)	1,860	-	3,402	-
Notes receivable - related parties (Notes 4, 25 and 33)	428	-	1,342	-
Trade receivables (Notes 4, 11 and 25)	570,511	9	1,416,215	24
Trade receivables - related parties (Notes 4, 25 and 33)	42,438	1	45,815	1
Other receivables (Notes 4 and 11)	30,567	-	39,823	1
Current tax assets (Notes 4 and 27)	5,926	-	1,997	-
Inventories (Notes 4 and 12)	461,097	7	628,339	10
Other current assets - others (Notes 19)	199,045	3	236,092	4
Total current assets	<u>2,563,095</u>	<u>40</u>	<u>2,872,155</u>	<u>48</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 10)	13,454	-	21,930	1
Financial assets at amortized cost – non-current (Notes 4,9, 10 and 34)	1,000	-	-	-
Property, plant and equipment (Notes 4, 14 and 34)	3,594,021	56	2,785,940	47
Right-of-use assets (Notes 4 and 15)	105,113	2	129,391	2
Investment properties (Notes 4 and 16)	65,271	1	66,693	1
Goodwill (Notes 4,17)	9,009	-	8,120	-
Other intangible assets (Notes 4, 18)	17,568	1	21,551	-
Deferred tax assets (Notes 4 and 27)	11,245	-	12,104	-
Other non-current assets (Notes 4 and 19)	16,053	-	65,364	1
Total non- current assets	<u>3,832,734</u>	<u>60</u>	<u>3,111,093</u>	<u>52</u>
Total assets	<u>\$ 6,395,829</u>	<u>100</u>	<u>\$ 5,983,248</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term borrowings (Notes 4 and 20)	\$ 206,944	3	\$ 658,874	11
Contract liabilities - current (Notes 4 and 25)	23,911	1	22,640	1
Trade payables	208,004	3	426,437	7
Other payables (Notes4, 22and 30)	342,176	5	318,344	5
Other payables- related parties (Notes 33)	5,479	-	27	-
Current tax liabilities (Notes 4 and 27)	39,117	1	9,828	-
Provisions - current (Notes 4 and 23)	20,946	-	16,336	-
Lease liabilities - current (Notes 4 and 15)	46,691	1	21,727	1
Current portion of long-term borrowings and bonds payable (Notes 4, 20, 21, 29 and 34)	716,203	11	-	-
Other current liabilities	11,717	-	2,206	-
Total current liabilities	<u>1,621,188</u>	<u>25</u>	<u>1,476,419</u>	<u>25</u>
Non-current liabilities				
Bonds payable (Notes 4 and 21)	-	-	587,611	10
Long-term borrowings (Notes 4, 20, 29 and 34)	1,976,369	31	1,301,264	22
Deferred tax liabilities (Note 4 and 27)	12,414	-	8,430	-
Lease liabilities - non-current (Notes 4 and 15)	30,258	1	64,615	1
Deferred revenue - non-current (Notes 4 and 29)	125,547	2	63,001	1
Guarantee deposits	3,843	-	5,368	-
Total non-current liabilities	<u>2,148,431</u>	<u>34</u>	<u>2,030,289</u>	<u>34</u>
Total liabilities	<u>3,769,619</u>	<u>59</u>	<u>3,506,708</u>	<u>59</u>
Equity attributable to owners of the company (Notes 4 and 24)				
Share capital				
Ordinary shares	660,590	10	660,590	11
Capital surplus	1,229,455	19	1,229,455	20
Retained earnings				
Legal reserve	212,498	3	205,640	3
Special reserve	167,314	3	119,001	2
Unappropriated earnings	449,205	7	406,858	7
Total retained earnings	829,017	13	731,499	12
Other equity	(104,307)	(1)	(167,314)	(3)
Treasury shares	(21,450)	-	(21,450)	-
Total equity attributable to owners of the company	<u>2,593,305</u>	<u>41</u>	<u>2,432,780</u>	<u>40</u>
Non-controlling interests (Notes4 and 24)	<u>32,905</u>	<u>-</u>	<u>43,760</u>	<u>1</u>
Total equity	<u>2,626,210</u>	<u>41</u>	<u>2,476,540</u>	<u>41</u>
Total liabilities and equity	<u>\$ 6,395,829</u>	<u>100</u>	<u>\$ 5,983,248</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

M. J. International Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)				
Sales	\$ 3,262,778	100	\$ 3,610,670	100
OPERATING COSTS (Notes 12 and 26)				
Cost of goods sold	(2,573,811)	(79)	(2,986,204)	(83)
GROSS PROFIT	<u>688,967</u>	<u>21</u>	<u>624,466</u>	<u>17</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	(226,777)	(7)	(250,557)	(7)
General and administrative expenses	(247,863)	(7)	(198,015)	(6)
Research and development expenses	(56,597)	(2)	(88,065)	(2)
Expected credit loss (Notes 4, 10 and 11)	(6,394)	-	(1,221)	-
Total operating expenses	(537,631)	(16)	(537,858)	(15)
PROFIT FROM OPERATIONS	<u>151,336</u>	<u>5</u>	<u>86,608</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 26)	16,585	1	15,332	1
Other income (Notes 4 and 26)	5,542	-	3,174	-
Other gains and losses (Notes 4 and 26)	40,376	1	(23,146)	(1)
Financial costs (Notes 4, 21 and 26)	(33,303)	(1)	(13,701)	-
Total non-operating income and expenses	<u>29,200</u>	<u>1</u>	<u>(18,341)</u>	<u>(-)</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 180,536	6	68,267	2
INCOME TAX EXPENSE (Notes 4 and 27)	(51,328)	(2)	(6,773)	(-)
NET PROFIT FOR THE YEAR	<u>129,208</u>	<u>4</u>	<u>61,494</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 24)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	85,118	3	(28,867)	(1)
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	(20,101)	(1)	(20,640)	(1)
Other comprehensive income/(loss) for the year, net of income tax	<u>65,017</u>	<u>2</u>	<u>(49,507)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME/ FOR THE YEAR	<u>\$ 194,225</u>	<u>6</u>	<u>\$ 11,987</u>	<u>-</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 143,494	4	\$ 68,578	2
Non-controlling interests	(14,286)	-	(7,084)	-
	<u>\$ 129,208</u>	<u>4</u>	<u>\$ 61,494</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 206,501	6	\$ 20,009	-
Non-controlling interests	(12,276)	-	(8,022)	-
	<u>\$ 194,225</u>	<u>6</u>	<u>\$ 11,987</u>	<u>-</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	<u>\$ 2.18</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 2.02</u>		<u>\$ 1.02</u>	

The accompanying notes are an integral part of the consolidated financial statements

M. J. International Co., Ltd. and subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the company										
	Retained Earnings					Other Equity		Treasury Shares	Total	Non-controlling Interests	Total equity
						Exchange differences translating the financial statements of foreign operations	Unrealized gains (loss) on financial assets at fair value through other comprehensive income				
	Share capital	Capital surplus	Legal Reserve	Special Reserve	Unappropriated earnings						
BALANCE AT JANUARY 1, 2021	\$ 660,590	\$ 1,229,455	\$ 177,742	\$ 127,888	\$ 555,724	\$ (144,203)	\$ 25,202	\$ -	\$ 2,632,398	\$ 27,480	\$ 2,659,878
Appropriation of 2020 earnings (Note 24)								-			
Legal reserve	-	-	27,898	-	(27,898)	-	-	-	-	-	-
Special reserve	-	-	-	(8,887)	8,887	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(198,177)	-	-	-	(198,177)	-	(198,177)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 24)	-	-	-	-	(256)	-	256	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	68,578	-	-	-	68,578	(7,084)	61,494
Other comprehensive income (loss) for the year ended December 31, 2021 (Note 24)	-	-	-	-	-	(27,929)	(20,640)	-	(48,569)	(938)	(49,507)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	68,578	(27,929)	(20,640)	-	20,009	(8,022)	11,987
Buy-back of treasury shares	-	-	-	-	-	-	-	(21,450)	(21,450)	-	(21,450)
Changes in non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	24,302	24,302
BALANCE AT DECEMBER 31, 2021	660,590	1,229,455	205,640	119,001	406,858	(172,132)	4,818	(21,450)	2,432,780	43,760	2,476,540
Appropriation of 2021 earnings (Note 24)											
Legal reserve	-	-	6,858	-	(6,858)	-	-	-	-	-	-
Special reserve	-	-	-	48,313	(48,313)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(45,976)	-	-	-	(45,976)	-	(45,976)
Net profit for the year ended December 31, 2022	-	-	-	-	143,494	-	-	-	143,494	(14,286)	129,208
Other comprehensive income (loss) for the year ended December 31, 2022 (Note 24)	-	-	-	-	-	83,108	(20,101)	-	63,007	2,010	65,017
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	143,494	83,108	(20,101)	-	206,501	(12,276)	194,225
Changes in non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	1,421	1,421
BALANCE AT DECEMBER 31, 2022	\$ 660,590	\$ 1,229,455	\$ 212,498	\$ 167,314	\$ 449,205	(\$ 89,024)	(\$ 15,283)	(\$ 21,450)	\$ 2,593,305	\$ 32,905	\$ 2,626,210

The accompanying notes are an integral part of the consolidated financial statement

M. J. International Co., Ltd. and subsidiaries

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 180,536	\$ 68,267
Adjustments for:		
Depreciation expenses	181,470	167,330
Amortization expenses	8,667	7,945
Expected credit loss recognized on trade receivables	6,394	1,221
Finance costs	33,303	13,701
Interest income	(16,585)	(15,332)
Write-downs of inventories	15,425	12,080
(Gain)/loss on disposal of property, plant and equipment	(500)	1,221
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	-	(1,483)
Net (gain)/loss on disposal of financial assets	315	2,539
Loss (gain) on disposal of other assets	(198)	-
Net (gain)/loss on foreign currency exchange	(47,932)	1,571
Recognition of provisions	(802)	-
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	-	244
Decrease (increase) in notes receivable	1,542	(1,607)
Decrease (increase) in notes receivable due from related parties	914	(1,342)
Decrease (increase) in trade receivable	968,892	(516,670)
Decrease (increase) in trade receivable due from related parties	2,477	(29,720)
Decrease (increase) in other receivable	15,045	(20,283)
Decrease (increase) in inventories	150,970	(213,468)
Decrease (increase) in other current assets	40,935	(105,754)
Increase (decrease) in financial liabilities held for trading	-	919
Increase (decrease) in contract liabilities	1,271	(7,198)
Increase (decrease) in accounts payable	(217,422)	196,376
Increase (decrease) in other payable	(42,782)	49,854
Increase (decrease) in other payable - related parties	(24)	-
Increase (decrease) in provisions	2,738	8,474
Increase (decrease) in other current liabilities	9,511	1,239
Net cash flows from (used in) operating activities	1,294,160	(379,876)

(Continued)

	2022	2021
Interest received	7,544	1,549
Interest paid	(24,729)	(1,886)
Income tax paid	(23,483)	(70,723)
Net cash generated from operating activities	<u>1,253,492</u>	(<u>450,936</u>)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	11,922	126,979
Purchase of financial assets at amortized cost	(36,302)	(1,387)
Purchase of financial assets at fair value through profit or loss	-	(2,171)
Proceeds from sale of financial assets at fair value through profit or loss	20,400	56,087
Payments for property, plant and equipment	(859,337)	(1,101,721)
Proceeds from disposal of property, plant and equipment	2,433	1,001
Payments for intangible assets	(2,699)	(1,511)
Increase in refundable deposits	(1,681)	(6,290)
Decrease in refundable deposits	50,610	-
Increase in other non-current assets	(9,407)	(20,758)
Interest received	<u>5,080</u>	<u>11,391</u>
Net cash used in financing activities	(<u>818,981</u>)	(<u>938,380</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,278,784	1,213,642
Repayments of short-term borrowings	(2,768,475)	(547,733)
Proceeds from long-term borrowings	838,010	740,790
Proceeds from guarantee deposits received	100	4,979
Refund of guarantee deposits received	(1,719)	-
Proceeds from related parties	5,535	-
Payments for buy-back of ordinary shares	-	(21,450)
Changes in non-controlling interests	1,421	24,302
Repayment of the principal portion of lease liabilities	(4,633)	(9,743)
Cash dividends paid	(<u>45,976</u>)	(<u>198,177</u>)
Net cash flows from (used in) financing activities	<u>303,047</u>	<u>1,206,610</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>15,660</u>	(<u>16,615</u>)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	753,218	(199,321)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>336,209</u>	<u>535,530</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,089,427</u>	<u>\$ 336,209</u>
		(Concluded)

The accompanying notes are an integral part of the consolidated financial statements

M. J. International Co., Ltd. and subsidiaries

Notes To Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. GENERAL INFORMATION

M. J. International Co., Ltd. (hereinafter referred to as the “Company”) was incorporated in the Cayman Islands on October 8, 2010. The Company is the holding company that has reorganized the organizational structure for the listing of stocks on the Taiwan Stock Exchange. After the reorganization, the company became the holding company of all the merged entities. The Company’s shares have been listed on the Taiwan Stock Exchange since November 1, 2016. The Company and its subsidiaries (hereinafter referred to as the “M.J. Group”) are primarily engaged in the business of developing, manufacturing and selling for LVT and SPC floors.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the M.J. Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the M.J. Group has assessed that the application of other standards and interpretations will not have a material impact on the M.J. Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the M.J. Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the M.J. Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Liabilities for which the M.J. Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the M.J. Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra- M.J. Group transactions, balances, income and

expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

See Note 13 and Table 9 and Table 10 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries, associates that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and inventories in transit are stated at the lower of cost or net realizable value. Inventory

write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the M.J. Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is

less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the M.J. Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the M.J. Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying

amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the M.J. Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note32: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss., except for cases where the interest recognition of short-term receivables is not significant, Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in

profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Impairment of financial assets

The M.J. Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI,

The M.J. Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the M.J. Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the M.J. Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the M.J. Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the M.J. Group):

- i) Internal or external information show that the debtor is unlikely to pay its creditors.
- ii) When a financial asset is more than 180 days past due unless the M.J. Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The M.J. Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss.

Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the M.J. Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus -others.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The M.J. Group enters into derivative financial instruments are foreign exchange forward contracts, dual currency Investment and foreign exchange option to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the M.J. Group's obligations.

n. Revenue recognition

The M.J. Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of LVT floors are recognized as revenue when the goods are shipped or the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Advance receipts are recognized as contract liabilities before the goods are shipped.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize provisions, which is classified under other payables.

o. Leases

At the inception of a contract, the M.J. Group assesses whether the contract is, or contains, a lease.

1) The M.J. Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as

operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The M.J. Group as lessee

The M.J. Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the M.J. Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is the M.J. Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the M.J. Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis

over the periods in which the M.J. Group recognizes as the grants intend to compensate. Specifically, government grants whose primary condition is that the M.J. Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the M.J. Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax

rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the M.J. Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the M.J. Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The M.J. Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies, estimates and underlying assumptions adopted by the merging company are not subject to material uncertainty in accounting judgments, estimates and assumptions after being assessed by the management of the merging company.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	\$ 1,769	\$ 2,821
Checking accounts and demand deposits	415,411	329,533
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	672,247	3,855
	<u>\$ 1,089,427</u>	<u>\$ 336,209</u>

The market rate intervals of cash in the bank at the end of the year were as follows

	December 31, 2022	December 31, 2021
Bank balance	0.01% ~ 5.1%	0.01% ~ 1.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
— Structured deposits (c)	\$ <u>6,394</u>	\$ <u>26,266</u>

The M.J. Group entered into a structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Investments in debt instruments at FVTOCI	\$ <u>118,670</u>	\$ <u>135,268</u>
<u>Non-current</u>		
Investments in debt instruments at FVTOCI	\$ <u>13,454</u>	\$ <u>21,930</u>

In May 2021, the M.J. Group sold its shares in DCM in order to manage credit concentration risk. The shares sold had a fair value of \$214 thousand(241 thousand baht) and its related unrealized valuation gain of \$256 thousand was transferred from other equity to retained earnings

Investments in debt instruments at FVTOCI

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Foreign investments		
Overseas bond investment	\$ 118,670	\$ 135,268
<u>Non-current</u>		
Foreign investments		
Overseas bond investment	<u>13,454</u>	<u>21,930</u>
	\$ <u>132,124</u>	\$ <u>157,198</u>

1) Refer to Note 10 for information relating to their credit risk management and impairment.

2) Refer to Note 34 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investments		
Restricted deposit -time deposits	\$ <u>36,732</u>	\$ <u>1,387</u>
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturity of more than one year	\$ <u>1,000</u>	\$ <u>-</u>

- 1) Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- 2) Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

December 31, 2022

	<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Gross carrying amount	\$ 161,641	\$ 37,732
Less: Allowance for impairment loss	(<u>11,122</u>)	<u>-</u>
Amortized cost	150,519	\$ <u>37,732</u>
Adjustment to fair value	(<u>15,283</u>)	
Effect of exchange rate changes	(<u>3,112</u>)	
	\$ <u>132,124</u>	

December 31, 2021

	<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Gross carrying amount	\$ 157,528	\$ 1,387
Less: Allowance for impairment loss	(<u>2,416</u>)	<u>-</u>
Amortized cost	155,112	\$ <u>1,387</u>
Adjustment to fair value	4,818	
Effect of exchange rate changes	(<u>2,732</u>)	
	\$ <u>157,198</u>	

The M.J. Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The M.J. Group's exposure and the external credit ratings are continuously monitored. The M.J. Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the M.J. Group considers the historical probability of default and loss given default of each

credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The M.J. Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition, or the debtor has a higher credit risk but still has a strong capacity to meet contractual cash flows	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the M.J. Group has no realistic prospect of recovery	Amount is written off

December 31, 2022

Category	Expected Loss Rate	Gross Carrying Amount Gross	
		At FVTOCI	At Amortized Cost
Performing	0%	\$ 130,260	\$ 37,732
Doubtful	0.48% ~ 14.70%	19,016	-
In default	25.02% ~ 100%	12,365	-
Write-off	100%	-	-
		<u>\$ 161,641</u>	<u>\$ 37,732</u>

December 31, 2021

Category	Expected Loss Rate	Gross Carrying Amount Gross	
		At FVTOCI	At Amortized Cost
Performing	0%	\$ 117,662	\$ 1,387
Doubtful	0.52% ~ 15.16%	34,222	-
In default	21.97%	5,644	-
Write-off	100%	-	-
		<u>\$ 157,528</u>	<u>\$ 1,387</u>

The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In default (Lifetime ECLs - Credit-impaired)
Balance at January 1, 2022	\$ -	\$ 1,607	\$ 809
From doubtful to in default	-	(3,156)	3,156
Derecognition (a)	-	(187)	-
Change in model or risk parameters	-	2,597	5,784
Change in exchange rates or others	-	163	349
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,024</u>	<u>\$ 10,098</u>

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In default (Lifetime ECLs - Credit-impaired)
Balance at January 1,2021	\$ -	\$ 5,205	\$ -
From doubtful to in default	-	(809)	809
Derecognition (a)	-	(2,714)	-
Change in model or risk parameters	-	35	-
Change in exchange rates or others	-	(110)	-
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 1,607</u>	<u>\$ 809</u>

- (a). Investments in government bonds rated as doubtful at FVTOCI of \$11,922 thousand and \$124,775 thousand were sold during 2022 and 2021, respectively, with a consequential reduction in the loss allowance for investments rated as doubtful of \$187 thousand and \$2,714 thousand , respectively.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount- operating	\$ 1,860	\$ 3,402
Less: Allowance for impairment loss	-	-
	<u>\$ 1,860</u>	<u>\$ 3,402</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 492,914	\$ 1,419,208
Less: Allowance for impairment loss	(1,006)	(2,993)
	491,908	1,416,215
<u>At FVTOCI receivables</u>	<u>78,603</u>	<u>-</u>
	<u>\$ 570,511</u>	<u>\$ 1,416,215</u>
<u>Other receivables</u>		
Retention for sale of receivables	\$ 1,863	\$ -
Tax refund receivable	13,795	30,969
Interest receivable	10,724	6,445
Others	4,185	2,409
	<u>\$ 30,567</u>	<u>\$ 39,823</u>

(a) Notes receivable and trade receivable

1) At amortized cost

The average cashing days of notes receivables was 30 to 60 days. The average credit period of sales of goods was 30 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the M.J. Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the M.J. Group's credit risk was significantly reduced.

The M.J. Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the M.J. Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the group's different customer base.

The M.J. Group writes off notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes and accounts receivable that have been written off, the M.J. Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables based on the M.J. Group's provision matrix.

December 31, 2022

	<u>Not Past Due</u>
Expected credit loss rate	0%
Gross carrying amount	\$ 1,860
Loss allowance (Lifetime ECLs)	-
Amortized cost	<u>\$ 1,860</u>

December 31, 2021

	<u>Not Past Due</u>
Expected credit loss rate	0%
Gross carrying amount	\$ 3,402
Loss allowance (Lifetime ECLs)	-
Amortized cost	<u>\$ 3,402</u>

The following table details the loss allowance of trade receivables based on the M.J. Group's provision matrix.

December 31, 2022

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0%~0.12%	0%~0.45%	0%~1.07%	0%~2.63%	8.6%~100%	
Gross carrying amount	\$ 481,582	\$ 10,284	\$ 4	\$ 49	\$ 995	\$ 492,914
Loss allowance (Lifetime ECLs)	(4)	(6)	-	(1)	(995)	(1,006)
Amortized cost	<u>\$ 481,578</u>	<u>\$ 10,278</u>	<u>\$ 4</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 491,908</u>

December 31, 2021

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0%~0.63%	0%~4.55%	0.01%~0.38%	0.89%	2.61%~100%	
Gross carrying amount	\$ 1,331,990	\$ 74,418	\$ 3,588	\$ 1,950	\$ 7,262	\$ 1,419,208
Loss allowance (Lifetime ECLs)	(283)	(255)	(13)	(17)	(2,425)	(2,993)
Amortized cost	<u>\$ 1,331,707</u>	<u>\$ 74,163</u>	<u>\$ 3,575</u>	<u>\$ 1,933</u>	<u>\$ 4,837</u>	<u>\$ 1,416,215</u>

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at January 1	\$ 2,993	\$ 1,869
Add: Net remeasurement of loss allowance	-	1,186
Less: Amounts written off	(140)	-
Less: Net remeasurement of loss allowance	(1,987)	-
Effect of exchange rate changes	140	(62)
Balance at December 31	<u>\$ 1,006</u>	<u>\$ 2,993</u>

2) At FVTOCI

For certain customers' accounts receivable, the M.J. Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of At FVTOCI receivables based on the M.J. Group's provision matrix.

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	-	-	-	-	0%~100%	
Gross carrying amount	\$ 78,603	\$ -	\$ -	\$ -	\$ -	\$ 78,603
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 78,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,603</u>

Accounts receivable that have been sold without recourse are classified as other receivables in the retention account, please refer to Note 32.

(b) Other receivable

The accounts stated by the M.J. Group as other receivables are primarily the Retention for sale of receivables ,tax refund receivable and interest receivable. According to the M.J. Group's policy, it only trades with the counterparts with fair credit ratings. The M.J. Group would continue to follow up and consider the trading counterparts' past payment record and analyze their current financial position to assess whether there has been a significant increase in credit risk on the other receivables since initial recognition and to measure the expected credit loss. Until December 31, 2021 and December 31,2022, the expected credit loss ratio for the other receivables estimated by the M.J. Group has been 0%.

12. INVENTORIES

	December 31, 2022	December 31, 2021
Commodity	\$ 94,203	\$ 31,847
Finished goods	120,469	220,287
Work in process	103,788	151,999
Raw materials and supplies	115,572	132,954
Inventory in transit	27,065	91,252
	<u>\$ 461,097</u>	<u>\$ 628,339</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 2,558,386	\$ 2,974,124
Inventory write-downs	15,425	12,080
	<u>\$ 2,573,811</u>	<u>\$ 2,986,204</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main business	% of ownership	
			December 31, 2022	December 31, 2021
M.J. International Co., Ltd. ("M.J. Group")	Prolong International Co., Limited.("Prolong HK")	Investment holding	100%	100%
	M.J. International Flooring And Interior Products Inc.("M.J. Taiwan")	Sale and processing of LVT and SPC floors	100% (Remark1)	100% (Remark1)
	Opulent International Group Limited("Opulent")	International trade	100%	100%
	Fullhouse Investments Limited.	Investment holding	100%	100%
Fullhouse Investments Limited.	Green Touch Floors Inc.	Sale of engineered wood , LVT and floors decoration materials and construction materials.	60%	60%
	Prolong HK			
M.J. Dongguan	Dongguan MeiJer Plastic Products Co., Ltd.("M.J. Dongguan")	Production and sale of tiles, decoration materials and construction materials, and investment holding.	100%	100%
	Dongguan Prolong Plastic Products Co., Ltd.("Prolong Dongguan")	Production and sale of tiles, decoration materials and construction materials, and investment holding.	100%	100%
	Chongqing M.J. Architecture & Decoration Materials Co., Ltd.("M.J. Chongqing")	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Guangzhou Promax Architecture & Decoration Materials Co., Ltd.("M.J. Guangzhou")	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Beijing M.J. Architecture & Decoration Materials Co., Ltd. ("M.J. Beijing")	Sale of plastic tiles, decoration materials and construction materials.	62% (Remark3)	75%
	Shanghai M.J. Architecture & Decoration Materials Co., Ltd. ("M.J. Shanghai")	Sale of plastic tiles, decoration materials and construction materials.	36%	36%
	Wuhan M.J. Architecture & Decoration Materials Co., Ltd. ("M.J. Wuhan")	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Changchun MH Arts Co., Ltd. ("Changchun MH")	Production and sale of tiles, decoration materials and construction materials.	70%	70% (Remark2)
	M.J. Shanghai	Sale of plastic tiles, decoration materials and construction materials.	64%	64%
	Xian M.J. Architecture & Decoration Materials Co., Ltd. ("M.J. Xian")	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
Prolong Dongguan	Shenyang M.J. Architecture & Decoration Materials Co., Ltd. ("M.J. Shenyang")	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	M.J. Beijing	Sale of plastic tiles, decoration materials and construction materials.	38% (Remark3)	25%

Remark :

- 1) On November 5, 2020 and August 26, 2021, the board of directors of the M.J. Group decided to increase its investment by M.J. Taiwan. The M.J. Group invested M.J. Taiwan 250,000 thousand and 300,000 thousand in February 2021 and January 2022.

2) Changchun MH Arts Co., Ltd was incorporation on February 18, 2021. M.J. Dongguan invested RMB 1,400 thousand, RMB 7,000 thousand, RMB 2,800 and RMB2,800 thousand in March, May, July and October 2021.

3) Prolong Dongguan invested RMB 2,500 thousand in M.J. Beijing, increasing its shareholding from 25% to 38% in January 2022, while the shareholding of M.J. Dongguan decreasing from 75% to 62%.

14. Property, Plant and Equipment- Assets used by the M.J. Group

	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Equipment under Installation and Construction in Progress	Total
Cost									
Balance at January 1, 2022	\$ 456,595	\$ 750,134	\$ 907,001	\$ 35,379	\$ 33,891	\$ 17,300	\$ 180,617	\$ 1,401,381	\$ 3,782,298
Additions	-	14,569	134,245	844	5,615	3,953	38,018	746,241	943,485
Disposals	-	(26,420)	(19,562)	-	(3,922)	(2,003)	(31,626)	-	(83,533)
Reclassified (Remark)	-	1,043,932	114,922	-	2,522	-	5,942	(1,157,405)	9,913
Effect of exchange rate changes	-	11,699	13,958	549	445	534	2,808	-	29,993
Balance at December 31, 2022	<u>\$ 456,595</u>	<u>\$ 1,793,914</u>	<u>\$ 1,150,564</u>	<u>\$ 36,772</u>	<u>\$ 38,551</u>	<u>\$ 19,784</u>	<u>\$ 195,759</u>	<u>\$ 990,217</u>	<u>\$ 4,682,156</u>
Accumulated depreciation									
Balance at January 1, 2022	\$ -	\$ 276,549	\$ 533,735	\$ 29,329	\$ 24,890	\$ 12,333	\$ 119,522	\$ -	\$ 996,358
Disposals	-	(26,420)	(19,356)	-	(2,538)	(1,660)	(31,626)	-	(81,600)
Depreciation expenses	-	41,077	73,184	2,753	3,908	2,179	35,101	-	158,202
Effect of exchange rate changes	-	4,180	7,920	443	371	408	1,853	-	15,175
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 295,386</u>	<u>\$ 595,483</u>	<u>\$ 32,525</u>	<u>\$ 26,631</u>	<u>\$ 13,260</u>	<u>\$ 124,850</u>	<u>\$ -</u>	<u>\$ 1,088,135</u>
Carrying amounts at December 31, 2022	<u>\$ 456,595</u>	<u>\$ 1,498,528</u>	<u>\$ 555,081</u>	<u>\$ 4,247</u>	<u>\$ 11,920</u>	<u>\$ 6,524</u>	<u>\$ 70,909</u>	<u>\$ 990,217</u>	<u>\$ 3,594,021</u>
Cost									
Balance at January 1, 2021	\$ 456,595	\$ 781,519	\$ 851,971	\$ 35,930	\$ 29,164	\$ 14,202	\$ 163,470	\$ 361,988	\$ 2,694,839
Additions	-	7,784	45,270	1,316	5,264	5,507	19,623	1,039,411	1,124,175
Disposals	-	-	(7,109)	(1,267)	-	(100)	(1,806)	-	(10,282)
Reclassified (Remark)	-	-	21,354	-	-	-	205	(18)	21,541
Transfers to investment properties (Note 16)	-	(35,311)	-	-	-	-	-	-	(35,311)
Effect of exchange rate changes	-	(3,858)	(4,485)	(600)	(537)	(2,309)	(875)	-	(12,664)
Balance at December 31, 2021	<u>\$ 456,595</u>	<u>\$ 750,134</u>	<u>\$ 907,001</u>	<u>\$ 35,379</u>	<u>\$ 33,891</u>	<u>\$ 17,300</u>	<u>\$ 180,617</u>	<u>\$ 1,401,381</u>	<u>\$ 3,782,298</u>
Accumulated depreciation									
Balance at January 1, 2021	\$ -	\$ 251,136	\$ 468,742	\$ 27,799	\$ 21,541	\$ 11,204	\$ 91,923	\$ -	\$ 872,345
Disposals	-	-	(4,993)	(1,166)	-	(98)	(1,803)	-	(8,060)
Depreciation expenses	-	34,287	72,430	2,858	3,545	1,560	29,898	-	144,578
Transfers to investment properties (Note 16)	-	(7,560)	-	-	-	-	-	-	(7,560)
Effect of exchange rate changes	-	(1,314)	(2,444)	(162)	(196)	(333)	(496)	-	(4,945)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 276,549</u>	<u>\$ 533,735</u>	<u>\$ 29,329</u>	<u>\$ 24,890</u>	<u>\$ 12,333</u>	<u>\$ 119,522</u>	<u>\$ -</u>	<u>\$ 996,358</u>
Carrying amounts at December 31, 2021	<u>\$ 456,595</u>	<u>\$ 473,585</u>	<u>\$ 373,266</u>	<u>\$ 6,050</u>	<u>\$ 9,001</u>	<u>\$ 4,967</u>	<u>\$ 61,095</u>	<u>\$ 1,401,381</u>	<u>\$ 2,785,940</u>

Remark : Reclassified into the property, plant and equipment or other non-current assets from the property in construction or equipment under installation.

Property, plant and equipment have been evaluated and there is no indication of impairment for the years 2022 and 2021.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows: :

Buildings	
Main buildings	10~ 55Years
Others	3~20Years
Machinery and equipment	2~20Years
Molding equipment	2~5Years
Transportation equipment	2.5~10Years
Office equipment	3~10Years
Other equipment	2~20Years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Carrying amounts</u>		
Land(Remark)	\$ 49,848	\$ 50,428
Buildings	<u>55,265</u>	<u>78,963</u>
	<u>\$ 105,113</u>	<u>\$ 129,391</u>
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 83,713</u>
Depreciation expense		
Land	\$ 1,377	\$ 1,348
Bulidings	<u>19,410</u>	<u>17,434</u>
	<u>\$ 20,787</u>	<u>\$ 18,782</u>

Remark : The right-of-use assets include land use rights in mainland China. The M.J. Group has obtained the land use rights certificates issued by the government. Except for the depreciation expenses obtained, added, and recognized by the business combination listed above, the combined company's right-of-use assets did not undergo significant sub-lease and impairment in 2022and 2021.

b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Carrying amounts</u>		
Current	<u>\$ 46,691</u>	<u>\$ 21,727</u>
Non-Current	<u>\$ 30,258</u>	<u>\$ 64,615</u>
Range of discount rate for lease liabilities was as follows		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bulidings	2.76%~5%	2.76%~5%

c. Material lease-in activities and terms

The right-of-use assets include land use rights in mainland China. The lease term is 50 years. The M.J. Group has obtained the land use rights certificates issued by the government.

The M.J. Group also leases 1 buildings for the use of offices and dormitory with lease terms of 5 to 15 years. The M.J. Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 9,702</u>	<u>\$ 11,648</u>
Total cash outflow for leases	<u>(\$ 16,345)</u>	<u>(\$ 23,270)</u>

16. INVESTMENT PROPERTIES

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 96,357
Effects of foreign currency exchange differences	<u>1,509</u>
Balance at December 31, 2022	<u>\$ 97,866</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 29,664
Depreciation expenses	2,481
Effects of foreign currency exchange differences	<u>450</u>
Balance at December 31, 2022	<u>\$ 32,595</u>
Carrying amounts at December 31, 2022	<u>\$ 65,271</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 61,630
Transfers from property, plant and equipment	35,311
Effects of foreign currency exchange differences	(584)
Balance at December 31, 2021	<u>\$ 96,357</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 18,232
Depreciation expenses	3,970
Transfers from property, plant and equipment	7,560
Effects of foreign currency exchange differences	(98)
Balance at December 31, 2021	<u>\$ 29,664</u>
Carrying amounts at December 31, 2021	<u>\$ 66,693</u>

- (a). The lease term of investment real estate is 2 years, but the lessee has terminated the contract in advance in September 2022, and has forfeited its deposit, accounting for other benefits and losses. The lessee does not have the right of preferential purchase at the end of the lease period.
- (b). The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2022 was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year1	\$ 786	\$ 3,871
Year2	-	1,760
Year3	<u>-</u>	<u>369</u>
	<u>\$ 786</u>	<u>\$ 6,000</u>

- (c). The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:
- | | |
|----------|----------|
| Building | 35 Years |
|----------|----------|

(d).The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value	<u>\$ 103,694</u>	<u>\$104,667</u>

(e).There was no indication of impairment for the year ended December 31, 2022 and 2021.

17. GOODWILL

	<u>2022</u>	<u>2021</u>
Cost		
Balance at January 1	\$ 8,120	\$ 8,355
Effect of foreign currency exchange differences	<u>889</u>	<u>(235)</u>
Balance at December 31	<u>\$ 9,009</u>	<u>\$ 8,120</u>

Management assessed that there was no significant impairment of goodwill for the year ended December 31, 2022 and 2021.

18. OTHER INTANGIBLE ASSETS

	<u>Patents</u>	<u>Software</u>	<u>Customer Relationship</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1,2022	\$ -	\$ 1,949	\$ 36,968	\$ 38,917
Additions	-	2,699	-	2,699
Disposals	-	(310)	-	(310)
Effect of foreign currency exchange differences	<u>-</u>	<u>2</u>	<u>4,046</u>	<u>4,048</u>
Balance at December 31,2022	<u>\$ -</u>	<u>\$ 4,340</u>	<u>\$ 41,014</u>	<u>\$ 45,354</u>
<u>Accumulated amortization</u>				
Balance at January 1,2022	\$ -	\$ 730	\$ 16,636	\$ 17,366
Amortization expenses	-	706	7,961	8,667
Disposals	-	(310)	-	(310)
Effect of foreign currency exchange differences	<u>-</u>	<u>1</u>	<u>2,062</u>	<u>2,063</u>
Balance at December 31,2022	<u>\$ -</u>	<u>\$ 1,127</u>	<u>\$ 26,659</u>	<u>\$ 27,786</u>
Carrying amounts at December 31,2022	<u>\$ -</u>	<u>\$ 3,213</u>	<u>\$ 14,355</u>	<u>\$ 17,568</u>
<u>Cost</u>				
Balance at January 1,2021	\$ 967	\$ 438	\$ 38,037	\$ 39,442
Additions	-	1,511	-	1,511
Disposals	(967)	-	-	(967)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>(1,069)</u>	<u>(1,069)</u>
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 1,949</u>	<u>\$ 36,968</u>	<u>\$ 38,917</u>

<u>Accumulated amortization</u>				
Balance at January 1,2021	\$ 941	\$ 292	\$ 9,510	\$ 10,743
Amortization expenses	26	438	7,481	7,945
Disposals	(967)	-	-	(967)
Effect of foreign currency exchange differences	-	-	(355)	(355)
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 730</u>	<u>\$ 16,636</u>	<u>\$ 17,366</u>
Carrying amounts at December 31,2021	<u>\$ -</u>	<u>\$ 1,219</u>	<u>\$ 20,332</u>	<u>\$ 21,551</u>

There was no indication of impairment for the year ended December 31, 2022 and 2021.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	5-10 Years
Software	1-5 Years
Customer Relationship	5 Years

An analysis of depreciation by function :

	For the Year Ended December 31	
	2022	2021
Selling and marketing expenses	\$ -	\$ 150
General and administrative expenses	8,667	7,795
	<u>\$ 8,667</u>	<u>\$ 7,945</u>

19. OTHER ASSETS

	December 31, 2022	December 31, 2021
<u>Current</u>		
Offset Against Business Tax Payable	\$ 170,476	\$ 177,526
Prepayments	5,208	25,844
Others	23,361	32,722
	<u>\$ 199,045</u>	<u>\$ 236,092</u>
<u>Non-Currnt</u>		
Prepayments for equipment	\$ 12,862	\$ 13,285
Refundable deposit (a)	3,191	52,079
	<u>\$ 16,053</u>	<u>\$ 65,364</u>

(a). Refundable deposit, of which 44,272 thousand is the deposit paid for the purchase of land from the Tainan Science and Technology Industry Bureau. According to the contract, if the user is completed according to the approved plan within 2 years, it will be returned without interest after the application. The security deposit was recovered in October 2022.

20. BORROWINGS

Short-term borrowings

	December 31, 2022	December 31, 2021
<u>Unsecured borrowings</u>		
Bank overdraft	\$ 7,444	\$ -
Line of credit borrowings	199,500	658,874
Total	<u>\$ 206,944</u>	<u>\$ 658,874</u>

As of December 31, 2022 and 2021, the interest rates on the unsecured bank loans were 1.64%~7.60% and 0.7%~0.8%, respectively.

Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u> (Note 34)		
Bank loans A (Note1)	\$ 353,600	\$ 353,600
Bank loans B (Note2)	1,608,000	1,000,990
Bank loans C (Note2)	81,000	-
Less:Discounts on government grant (Note29)	(<u>90,240</u>)	(<u>54,191</u>)
	1,952,360	1,300,399
Less : Current portion of long-term borrowings	(<u>120,038</u>)	-
	<u>1,832,322</u>	<u>1,300,399</u>
<u>Unsecured borrowings</u>		
Bank loans C (Note3)	150,000	-
Bank loans	907	865
Less:Discounts on government grant (Note29)	(<u>5,953</u>)	-
	144,954	865
Less : Current portion of long-term borrowings	(<u>907</u>)	-
	<u>\$ 1,976,369</u>	<u>\$ 1,301,264</u>

Note 1: The M.J. Group obtained a newly allocated bank loan of NT\$353,600 thousand. The loan interest rate is 1.45%, 10 years from the grant date on June 4, 2020, including grace period 3 years. Since the grace period expires, the principal will be amortized evenly in monthly installments, and the principal will be amortized evenly in 85 installments. The transfer amount is guaranteed by the land held by the combined company. Please refer to note 34.

Note 2: The M.J. Group obtained a government loan with preferential interest rate from the National Development Fund (NDF), Executive Yuan under the " Project Loan for Returning Overseas Taiwanese Businesses", please refer to Note 29. The amount of the loan is secured by the M.J. Group's plant and equipment (listed buildings, machinery and equipment, and unfinished construction and equipment to be tested), please refer to Note 34. The interest rate is 0.15%~0.53%, and the interest rate is 7~10 years from the grant date, including a grace period of 1~3 years. The principal will be repaid in one equal monthly installment from the date of expiration of the grace period.

Note 3: The M.J. Group obtained a newly allocated government loan with preferential interest rate from the National Development Fund (NDF), Executive Yuan under the " Project Loan for Returning Overseas Taiwanese Businesses", please refer to Note 29. The amount of the loan is secured by the M.J. Group's plant and equipment (listed buildings, machinery and equipment, and unfinished construction and equipment to be tested), please refer to Note 34. The interest rate is 0.10%~0.60%, and the interest rate is 5 years from the grant date, including a grace period of 1~2 years. The principal will be repaid in one equal monthly installment from the date of expiration of the grace period.

21. Bonds payable

	December 31,2022	December 31,2021
Unsecured domestic convertible bonds	\$ 595,258	\$ 587,611
Less : Current portion	(595,258)	-
	<u>\$ -</u>	<u>\$ 587,611</u>

The terms of the first domestic convertible bonds issue by the Company are as follows:

At August 12, 2020, the Company issued 6 thousand, interest rate 0% and 101% of the par value NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$600,000 thousand. The issuance period from August 12, 2020 to August 12, 2023.

Except for the holders of the converted corporate bonds applying for conversion into ordinary shares of the Company, the company's early redemption of corporate bonds, or the company's purchase and cancellation by the securities firm's business premises, When the converted bonds expire, the company will pay 100.75% of the bond's face value to the bondholders in one lump sum.

The bondholders have the right to ask for conversion of the bonds into ordinary shares of the Company during the period from the date after 3 months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations.

At August 4, 2020 is used as the reference date for the determination of the conversion price. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$76. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. Since the Company applied for ex-dividend on July 28 2021, the conversion price of bonds was adjusted to \$67.7 per share. Since the Company applied for ex-dividend on August 28 2022, the conversion price of bonds was adjusted to \$66.6 per share.

The convertible bonds contain assets、liability and equity components. The assets component was presented in financial assets at fair value through profit or loss. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 1.29% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,460 thousand)	\$ 600,540
Redemption component at the date of issue	120
Equity component	(23,488)
Liability component at the date of issue	577,172
Interest charged at an effective interest rate of 1.29%	2,890
Liability component at January 1,2021	580,062
Interest charged at an effective interest rate of 1.29%	7,549
Liability component at January 1,2022	587,611
Interest charged at an effective interest rate of 1.29%	7,647
Liability component at December 31,2022	<u>\$ 595,258</u>

22. OTHER LIABILITIES

	December 31,2022	December 31,2021
<u>Current</u>		
Other payables		
Payables for purchase of equipment (Note30)	\$ 128,199	\$ 62,480
Payables for salaries and bonuses (including remuneration to employees and directors)	61,786	55,259
Payables for employee benefits	49,209	47,765
Payable for gas and oil expenses	10,258	17,391
Payable for repairs maintenance	8,960	12,674
Payable for freight	8,302	25,121

Payable for utility fees	13,442	18,011
Payable for royalty	3,253	15,847
Payable for service fees	6,464	8,653
Tax payable	3,813	2,524
Others	<u>48,490</u>	<u>52,619</u>
	<u>\$ 342,176</u>	<u>\$ 318,344</u>

23. PROVISIONS

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Current</u>		
Warranties	<u>\$ 20,946</u>	<u>\$ 16,336</u>
		<u>Warranties</u>
Balance at January 1,2022		\$ 16,336
Additional provisions recognized		12,842
Amount used		(10,104)
Effect of foreign currency exchange differences		<u>1,872</u>
Balance at December 31,2022		<u>\$ 20,946</u>
Balance at January 1,2021		\$ 8,192
Additional provisions recognized		18,115
Amount used		(9,641)
Effect of foreign currency exchange differences		(330)
Balance at December 31,2021		<u>\$ 16,336</u>

The reserve for liability of warranty represents the present value of the best estimate by the M.J. Group's management of the future outflow of economic benefits on the M.J. Group's warranty obligation. The estimate is based on historical experience in warranty and may vary as a result of the entry of new materials, altered manufacturing processes or other events affecting product quality.

24. EQUITY

a. Share capital

<u>Ordinary shares</u>	<u>December 31,2022</u>	<u>December 31,2021</u>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>66,059</u>	<u>66,059</u>
Issued capital	<u>\$ 660,590</u>	<u>\$ 660,590</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 1,189,103	\$ 1,189,103
Employee share bonus- additional paid-in capital	9,599	9,599
<u>May be used to offset a deficit only (2)</u>		
Employee share bonus- additional paid-in capital	7,265	7,265
<u>May not be used for any purpose</u>		
Share warrants (Note 21)	<u>23,488</u>	<u>23,488</u>
	<u>\$ 1,229,455</u>	<u>\$ 1,229,455</u>

1)Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and to once a year).

2)Such capital surplus doesn’t have cash inflow and, therefore, may only be used to offset a deficit.

c. Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts of the Company during the listing period, 10% of the Company's undistributed earnings for that year shall be set aside as legal reserve after paying taxes and making up for accumulated losses, plus any items other than net income for that year, provided that if the legal reserve has reached the amount of the Company's paid-in capital, no further provision shall be made and the remainder shall be set aside or reversed to special reserve in accordance with the law. The Company may, based on financial, business and operational considerations, set aside not less than 10% of the current year's distributable earnings plus all or a portion of the prior year's undistributed earnings as determined by an ordinary resolution of the shareholders' meeting to distribute dividends to shareholders in proportion to their shareholdings, and report the same to the shareholders' meeting. The distribution of dividends to shareholders may be made in cash or in shares, of which cash dividends shall not be less than 10% of the total dividends to shareholders for the year. Dividends and bonuses may be distributed to shareholders in whole or in part through the issuance of new shares by special resolution of the shareholders' meeting.

For the policy for distribution of remuneration to employees and directors under the Company’s Articles, please see Note 26(8) for the remuneration to employees and directors.

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company. On March 31, 2011, the FSC issued the letter No. 1090150022, which was rescinded on December 31, 2011

after the issuance of the letter.

The above appropriations for cash dividends were resolved by the Company's board of directors on March 17, 2022 and March 11, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 15, 2022 and August 12, 2021, respectively.

	For the Year Ended, December 31	
	2021	2020
Legal reserve	<u>\$ 6,858</u>	<u>\$ 27,898</u>
Special reserve	<u>\$ 48,313</u>	<u>(\$ 8,887)</u>
Cash dividends	<u>\$ 45,976</u>	<u>\$ 198,177</u>
Cash dividends per share (NT\$)	\$ 0.7	\$ 3.0

The appropriation of earnings for 2022, which were proposed by the Company's board of directors on March 23, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 14,349</u>
Special reserve	<u>(\$ 63,007)</u>
Cash dividends	<u>\$ 98,519</u>
Cash dividends per share (NT\$)	\$ 1.5

The distribution of cash dividends had been resolved by the Company's board of directors, the appropriation of earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 21, 2023.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations.

	2022	2021
Balance at January 1	(\$ 172,132)	(\$ 144,203)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>83,108</u>	<u>(27,929)</u>
Other comprehensive income recognized for the year	<u>83,108</u>	<u>(27,929)</u>
Balance at December 31	<u>(\$ 89,024)</u>	<u>(\$ 172,132)</u>

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI .

	2022	2021
Balance at January 1	\$ 4,818	\$ 25,202
Recognized for the year		
Unrealized gain/(loss) - debt instruments	(28,797)	(22,958)
Unrealized gain/(loss) - equity instruments	-	(256)
Net remeasurement of loss allowance	<u>8,381</u>	<u>35</u>
	(20,416)	(23,179)

Reclassification adjustments		
Disposal of investments in debt instruments	<u>315</u>	<u>2,539</u>
Other comprehensive income recognized for the year	(20,101)	(20,640)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal interests in subsidiaries	<u>-</u>	<u>256</u>
Balance at December 31	<u>(\$ 15,283)</u>	<u>\$ 4,818</u>

e. Non-controlling interests

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 43,760	\$ 27,480
Share in loss for the year	(14,286)	(7,084)
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign entities	<u>2,010</u>	(<u>938</u>)
	(<u>12,276</u>)	(<u>8,022</u>)
Non-controlling interests arising from acquisition of subsidiaries	<u>1,421</u>	<u>24,302</u>
Balance at December 31	<u>\$ 32,905</u>	<u>\$ 43,760</u>

f. Treasury shares

<u>Purpose of Buy-back</u>	<u>Shares Transferred to Employees (In Thousands of Shares)</u>
Number of shares at January 1, 2022	380
Increase during the year	<u>-</u>
Number of shares at December 31,2022	<u>380</u>
Number of shares at January 1, 2021	-
Increase during the year	<u>380</u>
Number of shares at December 31,2021	<u>380</u>

On June 9, 2021,the Company's board of directors passed the resolution to buy back up to 750 thousand shares listed on the Taiwan Stock Exchange between June 10, 2021 and August 9, 2021, with the buyback price ranging from \$50 to \$70.

By the end of the repurchase period, the Company had bought back 380 thousand shares at a total amount of \$21,450 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

25. REVENUE

a. Contract information- Revenue from the sale of goods

The M.J. Group engages in production and sale of LVT and SPC floors. In consideration of the products keeping innovative and drastic price fluctuation in the market, the discounts offered to few products are estimated based on the expected value within the range of discount offered in the past, while the other products are sold at the fixed price as agreed by contract.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Note receivable (including related party) (Notes 11 and 33)	<u>\$ 2,288</u>	<u>\$ 4,744</u>	<u>\$ 1,795</u>
Trade receivable (including related party) (Notes 11 and 33)	<u>\$ 612,949</u>	<u>\$ 1,462,030</u>	<u>\$ 969,451</u>
Contract liabilities			
Sale of goods	<u>\$ 23,911</u>	<u>\$ 22,640</u>	<u>\$ 29,967</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	2022	2021
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 21,734</u>	<u>\$ 22,240</u>

c. Disaggregation of revenue

Refer to Note 38 for information about the disaggregation of revenue.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 7,544	\$ 1,043
Financial assets at FVTPL	1,258	980
Investments in debt instruments at FVTOCI	<u>7,783</u>	<u>13,309</u>
	<u>\$ 16,585</u>	<u>\$ 15,332</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income		
Investment properties	\$ 3,550	\$ 2,274
Government grants	<u>1,992</u>	<u>900</u>
	<u>\$ 5,542</u>	<u>\$ 3,174</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain/(loss) on disposal of financial assets		
Investments in debt instruments at FVTOCI	(\$ 315)	(\$ 2,539)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	-	1,483
Loss on disposal of property, plant and equipment	500	(1,221)
Net foreign exchange gains/(losses)	30,116	(30,250)
Gain on disposal of other assets	198	-
Others	<u>9,877</u>	<u>9,381</u>
	<u>\$ 40,376</u>	<u>(\$ 23,146)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 42,075	\$ 9,890
Interest on convertible bonds (Note 21)	7,647	7,549
Interest on lease liabilities	2,010	1,879
Less: Amounts included in the cost of qualifying assets	(<u>18,429</u>)	(<u>5,617</u>)
	<u>\$ 33,303</u>	<u>\$ 13,701</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	\$ 18,429	\$ 5,617
Capitalization rate	0.15% ~ 2.84%	0.15% ~ 1.45%

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 123,046	\$ 120,306
Operating expenses	<u>58,424</u>	<u>47,024</u>
	<u>\$ 181,470</u>	<u>\$ 167,330</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 8,667</u>	<u>\$ 7,945</u>

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Investment properties generating rental income		
Depreciation	\$ 2,481	\$ 3,970
Others	404	593
	<u>\$ 2,885</u>	<u>\$ 4,563</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plan(see Note)	\$ 28,983	\$ 25,468
Other employee benefits	<u>489,943</u>	<u>427,349</u>
Total employee benefits expense	<u>\$ 518,926</u>	<u>\$ 452,817</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 284,035	\$ 271,629
Operating expenses	<u>234,891</u>	<u>181,188</u>
	<u>\$ 518,926</u>	<u>\$ 452,817</u>

M. J. Taiwan and Opulent Taiwan Branch of the M.J. Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the M.J. Group's subsidiary in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the M.J. Group with respect to the retirement benefit plan is to make the specified contributions.

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at rates of 1% to 6% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 23, 2023 and March 17, 2022, respectively, are as follows: :

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	4.53%	4.56%
Remuneration of directors	3.78%	3.80%

Amount

	For the Year Ended December 31	
	2022	2021
	cash	cash
Employees' compensation	\$ 7,093	\$ 3,415
Remuneration of directors	5,911	2,845

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 136,890	\$ 28,420
Foreign exchange losses	(106,774)	(58,670)
Net loss	<u>\$ 30,116</u>	<u>(\$ 30,250)</u>

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 48,798	\$ 18,530
Income tax on unappropriated earnings	-	113
Adjustments for prior year	(2,726)	(2,636)
	46,072	16,007
Deferred tax		
In respect of the current year	<u>5,256</u>	(9,234)
	<u>5,256</u>	(9,234)
Income tax expense recognized in profit or loss	<u>\$ 51,328</u>	<u>\$ 6,773</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 180,536</u>	<u>\$ 68,267</u>
Income tax expense calculated at the statutory rate	\$ 34,185	\$ 14,705
Tax-exempt income	-	(4,342)
Nondeductible expenses in determining taxable income	13,939	7,708
Income tax on unappropriated earnings	-	113
Unrecognized Loss carryforward tax credits /deductible temporary differences	5,930	(8,775)
Adjustments for prior years' tax	(<u>2,726</u>)	(<u>2,636</u>)
Effect of tax rate changes	<u>\$ 51,328</u>	<u>\$ 6,773</u>

Except M.J. Dongguan and M.J. Guangzhou, the tax rate applicable to subsidiaries in China is 25%. Tax rates used by other entities in the M.J. Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

M.J. Dongguan. is held qualified as a high and new tech enterprise pursuant to the Enterprise Income Tax Law of the People's Republic of China and Implementation Regulations thereof, and allowed to apply the preferential tax rate until 2022. Any company that is held qualified as a high and new tech enterprise pursuant to said Regulations and related tax revenue requirements is entitled to the preferential tax rate of 15%.

M.J. Guangzhou, in accordance with the Enterprise Income Tax Law of the People's Republic of China and Implementation Regulations meets the tax incentives for small and profit-making enterprises. The taxable income does not exceed RMB 1,000 thousand, and is reduced by 25% to the taxable income Corporate income tax is paid at a tax rate of 20%; for annual taxable income exceeding RMB 1,000 thousand but not exceeding RMB 3,000 thousand, 50% is deducted from the taxable income and corporate income tax is paid at a rate of 20%.

Green Touch Floors Inc., in accordance with the Canadian Tax Law meets the tax rate 26.5% and Ontario Provincial corporation tax 11.5%.

b. Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refund receivable	<u>\$ 5,926</u>	<u>\$ 1,997</u>
Current tax liabilities		
Income tax payable	<u>\$ 39,117</u>	<u>\$ 9,828</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 9	(\$ 9)	\$ -	\$ -
Inventory obsolescence and valuation loss	6,423	402	95	6,920
Unrealized loss on exchange	2,256	(2,402)	146	-
Provisions	\$ 3,268	\$ 548	\$ 373	\$ 4,189
Refund liabilities	148	(28)	16	136
	<u>\$ 12,104</u>	<u>(\$ 1,489)</u>	<u>\$ 630</u>	<u>\$ 11,245</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unrealized gain on exchange	\$ -	\$ 3,767	\$ 85	\$ 3,852
Others	8,430	-	132	8,562
	<u>\$ 8,430</u>	<u>\$ 3,767</u>	<u>\$ 217</u>	<u>\$ 12,414</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 142	(\$ 133)	\$ -	\$ 9
Inventory obsolescence and valuation loss	302	6,121	-	6,423
Unrealized loss on exchange	511	1,768	(23)	2,256
Provisions	1,639	1,695	(66)	3,268
Refund liabilities	373	(217)	(8)	148
	<u>\$ 2,967</u>	<u>\$ 9,234</u>	<u>(\$ 97)</u>	<u>\$ 12,104</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Others	\$ 8,476	\$ -	(\$ 46)	\$ 8,430

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Deductible temporary differences		
Inventory obsolescence and valuation loss	\$ 8,921	\$ 24,117
Loss carryforward tax credits	121,556	-
	<u>\$ 130,477</u>	<u>\$ 24,117</u>

e. Income tax assessments

As of December 31, 2022, the M.J. Group had no pending tax litigation cases. The subsidiary companies of the M.J. Group, M.J. Taiwan and the the Taiwan branch of Opulent, the income tax returns through 2020, have been assessed by the tax authorities.

28. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2022	2021
Basic earnings per share		
From continuing operations	\$ 2.18	\$ 1.04
Diluted earnings per share		
From continuing operations	\$ 2.02	\$ 1.02

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	\$ 143,494	\$ 68,578
Earnings used in the computation of basic earnings per share	\$ 143,494	\$ 68,578
Effect of potentially dilutive ordinary shares :		
Convertible bonds	7,647	7,549
Earnings used in the computation of diluted earnings per share	\$ 151,141	\$ 76,127

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	65,679	65,900
Effect of potentially dilutive ordinary shares		
Convertible bonds	8,863	8,403
Compensation of employees	186	112
Weighted average number of ordinary shares used in the computation of diluted earnings per share	74,728	74,415

If the M.J. Group offered to settle the compensation or bonuses paid to employees in cash or shares, the M.J. Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the

computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. GOVERNMENT GRANTS

Except as disclosed in other notes, the government grants obtained by the M.J. Group are as follows.

As of December 31, 2022 and 2021, the M.J. Group has obtained a government preferential interest rate loan of \$1,608,000 and \$1,000,990 thousand from the National Development Fund (NDF), Executive Yuan " the Action Plan for Returning Overseas Taiwanese Businesses" for construction of factory buildings and purchase of machinery and equipment, respectively. The loan will be amortized by instalments within 8~10 years from the date of first use (including a grace period of 1~3 years). The M.J. Group has obtained a newly government preferential interest rate loan of \$NTD 231,000 thousand from the National Development Fund (NDF), Executive Yuan " the Action Plan for Returning Overseas Taiwanese Businesses" for purchase of machinery and equipment and raw materials on December 31, 2022. The loan will be amortized by instalments within 4~7 years from the date of first use (including a grace period of 1~3 years). The fair value of the loans was estimated by using the prevailing market interest rate of 1.45% to 1.65% and the interest rate used to estimate the fair value was changed to 2.84% on July 1, 2022, considering the increase in market interest rate. Based on the estimate market interest rate of 2.84%, the difference between the loan amount and the fair value of the borrowing is 125,547 and 63,001 thousand , respectively as the preferential interest rate of the government grant, and it is recognized as deferred income-non-current. The deferred income will be transferred to other income in accordance with its service life when the plant is completed and the inspection and acceptance of the machinery and equipment are completed. The M.J. Group recognized other income of \$802 thousand and \$0 thousand in 2022 and 2021, respectively, and recognized interest expense of \$21,346 thousand and \$8,387 thousand on the above loans.

If the M.J. Group fails to meet the key points of the project loan identification during the loan period, and the NDF suspends or stops the loan interest grant, the M.J. Group will change to the original agreed interest rate and return all the fees paid by the NDF for the case.

30. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2022 and 2021, the M.J. Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2022 and 2021, the M.J. Group purchased property, plant and equipment amounting to 128,199 thousand and 62,480 thousand have not been paid, presented in other payables.

b. Changes in liabilities arising from financing activities
For the year ended December 31, 2022

	Non-cash Changes							
	Opening Balance	Cash Flows	Financial costs	New Leases	Fair Value Adjustments	Exchange Rate Change	Others	Closing Balance
Short-term borrowings	\$ 658,874	(\$ 489,691)	\$ -	\$ -	\$ -	\$ 37,761	\$ -	\$ 206,944
Lease liabilities	86,342	(4,633)	2,010	(6,086)	-	1,326	(2,010)	76,949
Bonds payable	587,611	-	7,647	-	-	-	-	595,258
Long-term borrowings	1,301,264	838,010	21,346	-	(63,348)	42	-	2,097,314
Other payables- related parties	27	5,511	-	-	-	(59)	-	5,479
Guarantee deposits received	5,368	(1,619)	-	-	-	94	-	3,843
	<u>\$ 2,639,486</u>	<u>\$ 347,578</u>	<u>\$ 31,003</u>	<u>(\$ 6,086)</u>	<u>(\$ 63,348)</u>	<u>\$ 39,164</u>	<u>(\$ 2,010)</u>	<u>\$ 2,985,787</u>

For the year ended December 31, 2021

			Non-cash Changes					
	Opening Balance	Cash Flows	Financial costs	New Leases	Fair Value Adjustments	Exchange Rate Change	Others	Closing Balance
Short-term borrowings	\$ 894	\$ 665,909	\$ -	\$ -	\$ -	(\$ 7,929)	\$ -	\$ 658,874
Lease liabilities	13,973	(9,743)	1,879	83,713	-	(1,601)	(1,879)	86,342
Bonds payable	580,062	-	7,549	-	-	-	-	587,611
Long-term borrowings	597,008	740,790	8,387	-	(47,786)	865	-	1,301,264
Guarantee deposits received	391	4,979	-	-	-	(2)	-	5,368
	<u>\$1,192,328</u>	<u>\$1,401,935</u>	<u>\$ 17,815</u>	<u>\$ 83,713</u>	<u>(\$ 45,786)</u>	<u>(\$ 8,667)</u>	<u>(\$ 1,879)</u>	<u>\$2,639,459</u>

31. CAPITAL MANAGEMENT

The M.J. Group manages its capital to ensure that entities in the M.J. Group can continue to operate, while optimizing debt and equity balances to maximize returns to stakeholders. The overall strategy of the M.J. Group remains consistent.

The capital structure of the M.J. Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the M.J. Group (comprising issued capital, reserves, retained earnings and other equity).

The M.J. Group is not subject to any externally imposed capital requirements.

Key management personnel of the M.J. Group regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the M.J. Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 595,258</u>	<u>\$ 585,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,000</u>

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 587,611</u>	<u>\$ 621,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,000</u>

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy
December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Hybrid financial assets Structured deposits	\$ -	\$ 6,394	\$ -	\$ 6,394

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments foreign debt instruments	\$ -	\$ 132,124	\$ -	\$ 132,124
At FVTOCI receivables	-	-	78,603	78,603
	<u>\$ -</u>	<u>\$ 132,124</u>	<u>\$ 78,603</u>	<u>\$ 210,727</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Hybrid financial assets Structured deposits	\$ -	\$ 26,266	\$ -	\$ 26,266
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments foreign debt instruments	\$ -	\$ 157,198	\$ -	\$ 157,198

The M.J. Group assesses the bid-ask spread and trading volume of fixed-income securities to determine whether they are quoted prices in active markets. Therefore, the Company categorizes the measurement of fair value of investment in foreign debt instruments as Level 2. ° There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments.

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI
Balance at January 1, 2022	Sale of debt Instruments receivables
Reclassification	\$ -
Net decrease	567,352
Effects of foreign currency exchange differences	(492,688)
Balance at December 31, 2022	<u>3,939</u>
	<u>\$ 78,603</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1, 2021	Derivatives	Equity Instruments
Recognized in profit or loss (included in other	\$ 60	\$ 475
	(60)	(256)

gains and losses)		
Sales	-	(214)
Effects of foreign currency exchange differences	-	(5)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Hybrid financial assets - structured deposits	Discounted cash flow: Future cash flows are estimated based on the contractual rate of return.
Investment in foreign debt instruments	Measured by market quotes provided by third-party pricing services.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Sale of debt Instruments receivables	The fair value was measured at the original invoice amount because the effect of discounting was immaterial.
Redemption rights of convert bonds	Valuation model of binomial tree of convertible bond: consider factors such as the duration of the bond, the stock price of the convertible bond and its fluctuation, the conversion price, the risk-free interest rate, the risk discount rate, and the liquidity risk of the convertible bond.

c. Categories of financial instruments

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 6,394	\$ 26,266
Financial assets at amortized cost (1)	1,683,756	1,865,303
Financial assets at FVTOCI		
Investments in debt instruments at FVTOCI	132,124	157,198
Sale of debt Instruments receivables	78,603	-
<u>Financial liabilities</u>		
FVTPL		
Amortized cost (2)	3,344,210	3,192,377

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable notes (including related parties), trade receivable (including related parties), other receivables (exclusive of receivable income tax refund), other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, payable accounts and other payables (including related parties, exclusive of payable salary and bonus, payable accrued tax, payable pension and insurance premium) long-term borrowings, bonds payable.

d. Financial risk management objectives and policies

The M.J. Group's major financial instruments include cash and cash equivalents, investment in debt instruments, structured deposits, notes receivable (including related parties), trade receivable (including related parties), refundable deposits, trade payables, short-term borrowings, lease liabilities and bonds payable.

The financial risks over said financial instruments relating to operations include market risk (including foreign exchange rate risk and interest rate risk), credit risk and liquidity risk.

The M.J. Group's financial department reports to the management periodically. The management monitors risks and implement policies ex officio to mitigate risk exposures.

1) Market risk

The M.J. Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The M.J. Group engages in foreign currency-denominated sales and purchases, which expose the Company to the risk of foreign exchange rate changes. In order to manage the foreign exchange rate risk, insofar as it is permitted by policies, the Company primarily engages in net foreign exchange positions to produce the effect of natural hedging, and utilizes foreign exchange financial derivative instruments to help manage the risk.

The carrying amounts of the M.J. Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year, please see Note36.

Sensitivity analysis

The M.J. Group is mainly exposed to the Currency USD and Currency NTD.

The following table details the M.J. Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. [The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Impact on USD		Impact on NTD	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or (loss)	\$ 7,522	\$ 6,029	(\$ 1,473)	(\$ 37)

Primarily as a result of the Company's cash equivalents, receivables, payables and short-term borrowing denominated in USD or NTD which are still outstanding on the balance sheet date.

The M.J. Group's sensitivity to the US dollar exchange rate decreased during the year, which was mainly due to the decrease in the U.S. dollar net assets held; there has been no major change in the sensitivity to the New Taiwan dollar exchange rate during the year.

b) Interest rate risk

The M.J. Group is exposed to the risk of interest rate changes as a result of the M.J. Group's bank deposits, investment in debt instruments, structured deposits, bank borrowings, lease liabilities and bonds payable bearing interest accruing at fixed interest rate and floating interest rate.

The carrying amounts of the M.J. Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	\$ 800,433	\$ 149,883
Financial liabilities	788,593	1,166,692
Cash flow interest rate risk		
Financial assets	463,400	357,498
Financial liabilities	2,193,351	1,467,399

Sensitivity analysis

The sensitivity analysis below was determined based on the M.J. Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the M.J. Group's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$(17,300) thousand and \$(11,099) thousand, respectively, which was mainly a result of M.J. Group's exposure to the risk of interest rate changes on its bank deposits, structured deposits, investment in debt instruments and bank loan at the floating interest rate.

The M.J. Group's sensitivity to interest rates increased during the current year, mainly due to the increase in net debt as a result of the increase in bank loans with floating interest rates.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the M.J. Group. At the end of the year, the M.J. Group's maximum exposure to credit risk, which would cause a financial loss to the M.J. Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the M.J. Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

According to the M.J. Group's policy, the M.J. Group only trades with the counterparts with renowned goodwill, and would secure sufficient guarantee to mitigate the risk of financial loss to be caused by delinquent payment, if necessary. The M.J. Group rates its key customers based on the customers' credit data files created by it pursuant to the regulations governing customers' credit management, and other financial information accessible to the public and both parties' past trading record. The M.J. Group continues to monitor the exposure to credit risk and trading counterparts' credit ratings, and control the exposure to credit risk by the responsible supervisors' double check and the credit limit granted to the trading counterparts.

To minimize credit risk, the M.J. Group's management appoints the dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Meanwhile, the M.J. Group reviews the recoverable amount of each individual receivable account on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Given this, the M.J. Group's management believes that the M.J. Group's credit risk should have been significantly reduced.

The M.J. Group's credit risk is concentrated on the key customers from which the annual sales revenue amounts to more than 10% of the M.J. Group's total revenue. Until December 31, 2022 and 2021, the total receivable accounts from said customers have accounted for 90% and 93% of the M.J. Group's total revenue.

3) Liquidity risk

The M.J. Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the M.J. Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The M.J. Group relies on bank borrowings as a significant source of liquidity. As December 31, 2022 and 2021 the M.J. Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the M.J. Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the M.J. Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	1-3 Months	3 Months to 1 Year	1-5 Years	5+years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 427,266	\$ 8,106	\$ 3,843	\$ -
Lease liabilities	29,858	18,109	31,459	-
Variable interest rate liabilities	89,256	139,047	1,358,234	758,275
Fixed interest rate liabilities	<u>111,243</u>	<u>600,737</u>	<u>-</u>	<u>-</u>
	<u>\$ 657,623</u>	<u>\$ 765,999</u>	<u>\$1,393,536</u>	<u>\$ 758,275</u>

December 31, 2021

	1-3 Months	3 Months to 1 Year	1-5 Years	5+years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 638,166	\$ 6,073	\$ 389	\$ -
Lease liabilities	2,389	21,155	67,075	-
Variable interest rate liabilities	1,748	171,977	894,002	544,942
Fixed interest rate liabilities	<u>493,997</u>	<u>5,770</u>	<u>592,353</u>	<u>-</u>
	<u>\$1,136,300</u>	<u>\$ 204,975</u>	<u>\$1,553,819</u>	<u>\$ 544,942</u>

b) Financing facilities

	<u>December 31,2022</u>	<u>December 31,2021</u>
Unsecured bank overdraft facilities		
Amount used	\$ 357,851	\$ 659,739
Amount unused	<u>2,176,895</u>	<u>1,347,126</u>
	<u>\$ 2,534,746</u>	<u>\$ 2,006,865</u>
Secured bank overdraft facilities		
Amount used	\$ 2,042,600	\$ 1,354,590
Amount unused	<u>514,680</u>	<u>311,810</u>
	<u>\$ 2,557,280</u>	<u>\$ 1,666,400</u>

e. Transfers of financial assets

The M.J. Group's factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2022

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to [Other Receivables]	Advances Received - Unused	Advances Received -Used	Annual Interest Rates on Advances Received (Used) (%)
KGI bank	<u>\$ 12,843</u>	<u>\$ 1,863</u>	<u>\$ -</u>	<u>\$ 10,980</u>	1.59%

Pursuant to the M.J. Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the M.J. Group, while losses from credit risk are borne by the banks. As of December 31, 2022, the M.J. Group issued promissory notes with aggregate amounts of \$10,000 thousand to the banks.

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the M.J. Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Sing Cheng Lin Co., Ltd. ("Sing Cheng")	Related party in substance
Fu Ming Corporate ("Fu Ming")	Related party in substance
G.T Floor Co., LTD. ("G.T Floor")	Related party in substance
Zeng Xu	Related party in substance (1)

(1)An influential shareholder of the M.J. Group's subsidiary, Green Touch Floors Inc.

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
sales	Related party in substance	<u>\$ 162,100</u>	<u>\$ 187,559</u>

Since no identical transactions for the sale price are available for comparison, the price and terms were determined in accordance with mutual agreements. The payment terms were O/A 90 days.

c. Receivables from related parties

Line Item	Related Party Category	December 31,2022	December 31,2021
Notes receivable	Related party in substance		
	Sing Cheng	<u>\$ 428</u>	<u>\$ 1,342</u>

Trade receivable	Related party in substance		
	Sing Cheng	\$ 19,125	\$ 26,714
	G.T Floor	14,222	16,314
	Fu Ming	<u>9,091</u>	<u>2,787</u>
		<u>\$ 42,438</u>	<u>\$ 45,815</u>

The outstanding receivables from related parties were unsecured. No allowance for loss/bad debt was provided for the receivables from related parties in 2022 and 2021.

d. Compensation of key management personnel

Line Item	Related Party Category	December 31,2022	December 31,2021
Other payables	Related party in substance		
	G.T Floor	<u>\$ -</u>	<u>\$ 27</u>

e. Loans from related parties

Related Party Category/Name	December 31,2022
Related party in substance	
Zeng Xu	<u>\$ 5,479</u>

The M.J. Group's borrowings from related parties bear interest rates comparable to market rates and are unsecured.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021年度
Short-term employee benefits	\$ 30,991	\$ 19,670
Post-employment benefits	<u>695</u>	<u>442</u>
	<u>\$ 31,686</u>	<u>\$ 20,112</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings,

	December 31,2022	December 31,2021
Financial assets at fair value through other comprehensive income	\$ 117,078	\$ 220,135
Financial assets at amortized cost	36,732	1,387
Land	447,202	447,202
Equipment under installation and construction in progress	<u>2,247,099</u>	<u>1,401,381</u>
	<u>\$2,848,111</u>	<u>\$1,971,641</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the M.J. Group at December 31, 2022 and 2021 were as follows:

Unrecognized commitments were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Acquisition of property, plant and equipment		
In Thousands of USD	\$ 1,174	\$ -
In Thousands of RMB	\$ 11,420	\$ 5,735
In Thousands of NTD	\$ 151,131	\$ 615,704

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The M.J. Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the M.J. Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2022

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,962	30.7100 (USD : NTD)	\$ 60,257
USD	24,049	6.9647 (USD : RMB)	738,554
NTD	8,708	0.0326 (NTD : USD)	8,708
RMB	4,042	0.1436 (RMB : USD)	17,822
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 1,391	30.7100 (USD : NTD)	\$ 42,706
USD	127	6.9647 (USD : RMB)	3,900
NTD	156,020	0.0326 (NTD : USD)	156,020
RMB	146	0.1436 (RMB : USD)	643

December 31, 2021

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			

USD	\$	632	27.6800 (USD:NTD)	\$	17,480
USD		22,254	6.3757 (USD:RMB)		615,928
NTD		6,123	0.0361 (NTD:USD)		6,123

Financial
liabilities

Monetary items

USD		659	27.6800(USD:NTD)		18,252
USD		445	6.3757(USD:RMB)		12,304
NTD		9,801	0.0361(NTD:USD)		9,801

The significant gains or losses on foreign exchange are stated as following:
For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were 30,116 thousand and (30,250) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the M.J. Group.

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1)Financing provided to others (Table 1)
- 2)Endorsements/guarantees provided (Table 2)
- 3)Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4)Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5)Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6)Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7)Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8)Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9)Trading in derivative instruments (None)
- 10)Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 9)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders (Table 11)

38. SEGMENT INFORMATION

- a. Information about significant transactions and investees:

The units engaged in production and sale of LVT and SPC floors in various districts, each of which is considered a separate operating segment by the chief operating decision maker. For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- a) The nature of the products and production processes are similar.
- b) The product pricing strategies are similar.
- c) The methods used to distribute the products to the customers are the same.

b. Revenue from major products

The following is an analysis of the M.J. Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2022	2021
LVT and SPC floors	<u>\$ 3,262,778</u>	<u>\$ 3,610,670</u>

c. Geographical information

The M.J. Group operates in two principal geographical areas - Mainland China and Taiwan.

The M.J. Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2022	2021
Europe	\$ 2,069,672	\$ 2,411,952
North America	553,655	515,884
Mainland China	187,581	209,953
Taiwan	107,974	195,250
Others	<u>343,896</u>	<u>277,631</u>
	<u>\$ 3,262,778</u>	<u>\$ 3,610,670</u>

	Non-current Assets	
	December 31, 2022	December 31, 2021
Mainland China and Hong Kong	\$ 1,010,108	\$ 1,108,036
Taiwan	2,767,160	1,881,343
Others	<u>26,576</u>	<u>35,601</u>
	<u>\$ 3,803,844</u>	<u>\$ 3,024,980</u>

Non-current assets above exclude deferred tax assets and financial instruments.

d. Information about major customers

Single customers contributing 10% or more to the M.J. Group's revenue were as follows:

	For the Year Ended December 31	
	2022	2021
M.J. Group P	<u>\$ 2,356,130</u>	<u>\$ 2,598,068</u>

TABLE1

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (2)	Aggregate Financing Limit (2)
													Item	Value		
0	M.J. Group	Opulent(6)	Other receivable -related party	Yes	\$ 453,000	\$ 453,000	-	0%	Short-term financing	\$ -	Repay borrowinf	\$ -	-	-	\$ 1,037,322	\$ 1,037,322
		M.J. Taiwan	Other receivable -related party	Yes	200,000	200,000	-	0%	Short-term financing	-	Operating capital	-	-	-	1,037,322	1,037,322
1	Prolong Dongguan	M.J. Shanghai	Other receivable -related party	Yes	167,557 (RMB 38,000)	167,557 (RMB 38,000)	85,983 (RMB 19,500) (4)	3%	Short-term financing	-	Operating capital	-	-	-	370,858	618,096
		M.J. Dongguan	Other receivable -related party	Yes	132,282 (RMB 30,000)	132,282 (RMB 30,000)	-	3%	Short-term financing	-	Operating capital	-	-	-	370,858	618,096
2	M.J. Dongguan	Prolong Dongguan	Other receivable -related party	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	3%	Short-term financing	-	Operating capital	-	-	-	820,478	1,367,463
		M.J. Beijing	Other receivable -related party	Yes	12,346 (RMB 2,800)	12,346 (RMB 2,800)	-	3%	Short-term financing	-	Operating capital	-	-	-	820,478	1,367,463
		M.J. Shanghai	Other receivable -related party	Yes	141,101 (RMB 32,000)	141,101 (RMB 32,000)	44,094 (RMB 10,000) (5)	2.8%	Short-term financing	-	Operating capital	-	-	-	820,478	1,367,463
3	Opulent	M.J. Taiwan	Other receivable -related party	Yes	200,000	200,000	-	1%	Short-term financing	-	Operating capital	-	-	-	342,242	570,404

Note1 : The number column is organized as follows :

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : (1) The total amount available for lending purpose shall not exceed 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the independent external auditors.

(2) A single financing, if any, should not exceed the amount of purchases or sales between the financing company and trading counterpart for the most recent year or in the current year until the financing is provided, whichever is higher. A single short-term financing, if any, should not exceed 60% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the independent external auditors.

(3) In the case of overseas subsidiaries wholly-owned directly or indirectly by the Company (not incorporated or registered in Taiwan), the financing provided to others shall not exceed 40% of the net worth of the financing company's most recent financial statements.

Note 3 : Intercompany balances and transactions were eliminated upon consolidation.

Note 4 : The interest income of financing provided Prolong Dongguan NT\$4,047 thousand.

Note 5 : The interest income of financing provided M.J. Dongguan NT\$51 thousand.

Note 6 : The object of actual mobilization amount is the Taiwan branch of Opulent.

Note 7 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date(exchange rate on December 31,2022 was USD/NTD:30.7100, RMB/NTD:4.4094, average rate was

USD/NTD:29.8050,RMB/NTD:4.4347)

TABLE2

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party(3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount(4)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit(3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (2)										
0	M.J. Group	Opulent	(2)	\$ 3,889,958	\$ 2,673,558	\$ 1,936,133	\$ 139,500	N/A	74.66%	\$ 7,779,915	Yes	No	No
		M.J. Taiwan	(2)	3,889,958	3,252,142	3,252,142	2,252,600	N/A	125.41%	7,779,915	Yes	No	No
1	Prolong Dongguan	M.J. Dongguan	(4)	927,144	396,846	-	-	N/A	-	1,854,288	No	No	Yes

Note1: The number column is organized as follows :

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the endorsement/guarantee provider and the endorsed/guaranteed party may be categorized into the following 7 types:

- (1) A company with which the Company does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company holding more than 50 percent of the voting shares of the Company directly and indirectly.
- (4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
- (5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: (1) The total endorsement/guarantee provided by the Company for others shall be no more than 300% of the net worth of the Company's most recent financial statements. The total endorsement/guarantee provided by the Company and its subsidiaries for others shall be no more than 300% of the net worth of the Company's most recent financial statements.

- (2) The total endorsement/guarantee provided by the Company and its subsidiaries to any individual entity shall not exceed 40% of the net worth of the Company's most recent financial statements. Notwithstanding, the total endorsement/guarantee provided for the company's wholly holding the voting shares of the Company directly and indirectly, or among the companies in which the Company wholly hold the voting shares directly or indirectly shall be no more than 150% of the net worth of the Company's most recent financial statements.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note1)	Relationship with the Holding Company(2)	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount (3)	Percentage of Ownership (%)	Fair Value	
Opulent	Banco Santander S.A. 5.179%11/19/2025 DTD 11/19/2015	—	Financial assets at fair value through other comprehensive income – Current	-	\$ 30,334	-	\$ 30,334	Pledged borrowings
	Credit Agricole S.A. London Branch 4.125% 01/10/2027 DTD 01/10/2017	—	"	-	29,260	-	29,260	"
	Societe Generale S.A. 4%01/12/2027 DTD 01/12/2017	—	"	-	28,501	-	28,501	"
	Banque Ouset Africaine de Developpement 5.0%07/27/2027 DTD 07/27/2017	—	"	-	28,983	-	28,983	"
	Golden Legacy Pte. Ltd. 6.875%3/27/2024 DTD 3/27/2017	—	"	-	158	-	158	(4)
	Times Property Holdings Limited 6.600%3/2/2023 DTD 11/30/2017	—	"	-	<u>1,434</u>	-	<u>1,434</u>	"
					<u>\$ 118,670</u>		<u>\$ 118,670</u>	
	Softbank Group Corp 6.875%Perpetual DTD 7/19/2017	—	Financial assets at fair value through other comprehensive income –noncurrent	-	\$ 4,938	-	\$ 4,938	(4)
	RKP Overseas Finance 2016 (A) Limited 7.95%Perpetual DTD 2/17/2017	—	"	-	2,854	-	2,854	"
	HSBC Holdings PLC, 6%Perpetual DTD 5/22/2017	—	"	-	<u>5,662</u>	-	<u>5,662</u>	"
					<u>\$ 13,454</u>		<u>\$ 13,454</u>	

Note 1: The marketable securities referred to herein shall mean the stocks, bonds, beneficiary certificates and securities derivative from said instruments falling in the scope under IFRS 9 “Financial Instruments”.

Note 2: The securities issuer is not a related party.

Note 3: The balance of carrying amount at fair value upon adjustment.

Note 4: The securities as listed are not provided as security or pledge/mortgage for borrowings, or restricted according to any other agreements.

TABLE 4

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition(3)		Disposal				Other Adjustment(2)		Ending Balance	
					Number of Shares	Amount	Number of Shares	Number of Shares	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount	Number of Shares	Amount
M.J. Group	Stock M.J. Taiwan	Investments counted for using the equity method	-	subsidiaries	30	\$ 388,768	30	\$ 300,000	-	\$	\$ -	\$ -	- (\$ 100,365)		60	\$ 588,403

Note 1: The marketable securities referred to herein shall mean the stocks, bonds, beneficiary certificates and securities derivative from said instruments .

Note2: Other Adjustment is investment profit or loss recongnized during this period.

Note3: Intercompany balances and transactions were eliminated upon consolidation.

TABLE5

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
M.J. Taiwan	Construction of plant in Tainan	2020/8/17	\$ 1,000,000	\$170,000, By the end of 2022, 1,000,000 thousand has been paid (Buildings)	Xu Yuan construction Co.,Ltd.	None	N/A	N/A	N/A	N/A	N/A	Manufacturing purpose	None

TABLE6

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/(sale)	Amount (Note1)	% to total purchase (sale)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note1)	% to Total (Note2)	
Opulent	M.J. Taiwan	Associate	(Sale)	(147,083)	(5%)	120 days after monthly closing days	\$	-	42,156	7%	5
	M.J. Dongguan	Associate	Purchase	\$ 1,610,192	32%	120 days after monthly closing days	-	-	(525,121)	(70%)	5
	Prolong Dongguan	Associate	Purchase	888,517	18%	120 days after monthly closing days	-	-	(213,399)	(29%)	5
M.J. Dongguan	Opulent	Associate	(Sale)	(1,610,192)	(94%)	120 days after monthly closing days	-	-	525,121	93%	4 and 5
Prolong Dongguan	Opulent	Associate	(Sale)	(888,517)	(99%)	120 days after monthly closing days	-	-	213,399	99%	5
M.J. Taiwan	Opulent	Associate	Purchase	147,083	57%	120 days after monthly closing days	-	-	(42,156)	(57%)	3 and 5

Note1: Intercompany balances and transactions were eliminated upon consolidation.

Note2: Computed based on the amount or balance of the transactions with each seller and purchaser.

Note3: Unrealizes gain on transations is 888 thousand.

Note4: Unrealizes gain on transations is 316 thousand.

Note5: The transaction price is determined by the method of cost markup.

Note 6 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date(exchange rate on December 31,2022 was USD/NTD:30.7100, RMB/NTD:4.4094, average rate was USD/NTD:29.8050,RMB/NTD:4.4347)

TABLE7

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note2)	Allowance for Impairment Loss
					Amount	Actions Taken		
M.J. Dongguan	Opulent	Associate	Trade Receivable \$525,121	3.41 次	-	—	\$106,569	-
Prolong Dongguan	Opulent	Associate	Trade Receivable 213,399	4.32 次	-	—	1,874	-

Note 1: Intercompany balances and transactions were eliminated upon consolidation.

Note 2: The amount received in the subsequent period means that the collection was made by January 31, 2023.

Note 3: If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date(exchange rate on December 31,2022 was USD/NTD:30.7100, RMB/NTD:4.4094, average rate was USD/NTD:29.8050,RMB/NTD:4.4347)

TABLE8

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transactions Details			
				Financial Statements Account	Amount (Notes 4)	PaymentTerms	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	M.J. Group	Opulent	(1)	Endorsement/guarantee	\$ 1,936,133	—	30%
		M.J. Taiwan	(1)	Endorsement/guarantee	3,252,142	—	51%
		M.J. Taiwan	(1)	Cash capital increase	300,000	—	5%
1	Opulent	M.J. Taiwan	(3)	Sales	147,083	the selling price based on the cost,120 days after monthly closing days	5%
		M.J. Taiwan	(3)	Trade receivable	42,156	—	1%
		M.J. Dongguan	(3)	Sales	27,608	the selling price based on the cost,120 days after monthly closing days	1%
		Prolong Dongguan	(3)	Sales	26,599	the selling price based on the cost,120 days after monthly closing days	1%
2	M.J. Dongguan	Opulent	(3)	Sales	1,610,192	the selling price based on the cost,120 days after monthly closing days	49%
		Opulent	(3)	Trade receivable	525,121	—	8%
		M.J. Shanghai	(3)	Sales	49,956	the selling price based on the cost,120 days after monthly closing days	2%
		M.J. Shanghai	(3)	Trade receivable	18,733	—	-
		M.J. Shanghai	(3)	Other receivables	44,148	Financing (including interest receivable 54)	1%
3	Prolong Dongguan	M.J. Beijing	(3)	Trade receivable	11,156	—	-
		Opulent	(3)	Sales	888,517	the selling price based on the cost,120 days after monthly closing days	27%
		Opulent	(3)	Trade receivable	213,399	—	3%
		M.J. Shanghai	(3)	Other receivables	86,578	Financing (including interest receivable 595)	1%
		M.J. Beijing	(3)	Cash capital increase	11,237	—	-
4	M.J. Taiwan	Opulent	(3)	Other receivables	16,719	—	-

The business relationship between the parent and the subsidiaries:

M. J. International Co., Ltd, Prolong HK and Fullhouse Investments Limited are primarily engaged in investment holding. Opulent International Group Limited is primarily engaged in international trading. M.J. International Flooring And Interior Products Inc. is primarily engaged in production and sale of tiles, decoration materials and new construction materials. M.J. Dongguan and Prolong Dongguan are primarily engaged in processing, production and sale of tiles, decoration materials and new construction materials as well as investment holding. M.J. Chongqing, M. J. Guangzhou, M.J. Beijing, M. J. Shanghai, M.J. Wuhan, M.J.Xian and M.J. Shenyang are primarily engaged in sale of construction and decoration materials. Changchun MH is primarily engaged in production and sale of tiles, decoration materials and construction materials. Green Touch Floors Inc. is engaged in sale of engineered wood floors, LVT floors decoration materials and construction materials.

Note 1: The information about transactions between the parent and the subsidiaries shall be noted in the following manners:

(1) 0 stands for the parent company.

(2) The subsidiaries shall be numbered from 1 in Arabic numeral sequentially by the company.

Note 2: The relationship with the trader may be categorized into the following 3 types. The schedule only discloses the information about unilateral transactions, which were already consolidated and written off when the consolidated financial statements were preparing.

(1) Parent company vs. subsidiary

(2) Subsidiary vs. parent company

(3) Subsidiary vs. subsidiary

Note 3: The percentage of the amount of transaction to the consolidated total operating revenue or total assets shall be computed as the ending balance to the consolidated total assets, in the case of assets and liabilities, or as the interim accumulated amount to the consolidated total operating revenue, in the case of profit or loss.

Note 4 : Intercompany balances and transactions were eliminated upon consolidation.

Note 5 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date(exchange rate on December 31,2022 was USD/NTD:30.7100, RMB/NTD:4.4094, average rate was USD/NTD:29.8050,RMB/NTD:4.4347)

TABLE 9

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEs (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
M.J. Group	Prolong HK	Hong Kong	Investment holding	\$ 444,067 (USD 14,460)	\$ 444,067 (USD 14,460)	-	100	\$ 1,984,942	\$ 116,973	\$ 116,973	1 and 2
	Opulent	Hong Kong	International trading	267,177 (USD 8,700)	267,177 (USD 8,700)	8,700	100	570,404	146,378	146,386	1,2 and 5
	M.J. Taiwan	Taiwan	Sale and processing of plastic tiles, decoration materials and construction materials.	588,000	288,000	60	100	588,403	(100,365)	(100,365)	1 ,2and 6
Fullhouse Investments Limited.	Fullhouse Investments Limited.	Samoa	Investment holding	53,780 (USD 1,751)	53,780 (USD 1,751)	-	100	45,428	(5,996)	(5,996)	1 and 2
	Green Touch Floors Inc.	Canada	Sale of engineered wood floors, LVT floors decoration materials and construction materials.	53,010 (USD 1,726)	53,010 (USD 1,726)	60	60	45,087	(1,973)	(1,184)	1,2 and 5

Note 1: The related investment income or loss is recognized on the basis of the investee's audited financial statements for the same period.

Note 2: Intercompany balances and transactions were eliminated upon consolidation.

Note 3: Refer to Table 10 for information on investment in mainland China.

Note 4: In the case of investment denominated in foreign currency, it shall be translated based on the foreign exchange rate on the balance sheet date.

Note 5: The income or loss of investee includes the effect of unrealized gross profit on intercompany transactions, the amortization expenses of intangible assets arising from mergers and acquisitions.

Note 6: On August 26, 2021, the board of directors of the M.J. group decided to increase its investment by M.J. Taiwan. The M.J. Group invested M.J. Taiwan 300,000 thousand in January 2022.

TABLE 10

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital Note (6)(7)	Method of Investment Note (1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note(2)(b)(2)) and Note(3)	Carrying Amount as of December 31, 2022 Note (3) and (5)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
M.J. Dongguan	Production and sale of tiles, decoration materials and construction materials, and investment holding.	\$ 991,030 (USD 32,271)	(b) (1)	\$ -	\$ -	\$ -	\$ -	100	\$ 63,202	\$ 64,636	\$ 1,366,561	\$ -
Prolong Dongguan	Production and sale of tiles, decoration materials and construction materials, and investment holding.	309,283 (HKD 78,538)	(b) (1)	-	-	-	-	100	51,619	52,402	617,776	-
M.J. Chongqing	Sale of plastic tiles, decoration materials and construction materials.	35,275 (RMB 8,000)	(b) (2)	-	-	-	-	100	67	67	11,383	-
M.J. Beijing	Sale of plastic tiles, decoration materials and construction materials	63,936 (RMB 14,500) (註 7)	(b) (2)	-	-	-	-	100	(6,474)	(6,474)	9,826	-
M. J. Shanghai	Sale of plastic tiles, decoration materials and construction materials	207,242 (RMB 47,000)	(b) (2)	-	-	-	-	100	(419)	(419)	119,561	-
M. J. Guangzhou	Sale of plastic tiles, decoration materials and construction materials	13,228 (RMB 3,000)	(b) (2)	-	-	-	-	100	(3,856)	(3,856)	13,926	-
M.J. Wuhan	Sale of plastic tiles, decoration materials and construction materials	48,503 (RMB 11,000)	(b) (2)	-	-	-	-	100	(3,362)	(3,362)	36,939	-
Changchun MH	Production and sale of tiles, decoration materials and construction materials.	88,188 (RMB 20,000) (註 7)	(b) (2)	-	-	-	-	70	(34,375)	(24,063)	22,087	-
M.J. Xian	Sale of plastic tiles, decoration materials and construction materials	22,047 (RMB 5,000)	(b) (2)	-	-	-	-	100	(2,104)	(2,104)	17,273	-
M.J. Shenyang	Sale of plastic tiles, decoration materials and construction materials	21,134 (RMB 4,793)	(b) (2)	-	-	-	-	100	(367)	(367)	14,067	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
Note(4)	Note(4)	Note(4)

Note 1: The mode of investment is categorized into the following three types:

- (a) Direct investment in companies in the territories of mainland China.
- (b) Through investing in an existing company in the third area, which then investing in the investee in Mainland China.
 - (1) Investment in companies in mainland China via the company in a third territory (Prolong International Company Limited).
 - (2) Investment in companies in mainland China via M.J. Dongguan and Prolong Dongguan reinvested by the company in a third territory (Prolong International Company Limited).
- (c) Other modes.

Note 2: In the recognized current investment income section:

- (a) To be noted, if it is under preparation and no investment income has generated therefor.
- (b) The basis for recognition of investment income may be categorized into the following three types. Please identify it.
 - (1) Financial statements audited by the international CPA firm which enters into cooperative relationship with any R.O.C. CPA firm.
 - (2) Financial statement audited by the independent external auditor of the parent company in Taiwan.
 - (3) Others.

Note 3: Intercompany balances and transactions were eliminated upon consolidation.

Note 4: Not applicable, as the Company is not a company incorporated in the R.O.C.

Note 5: Including the unrealized income from side-stream transactions.

Note 6: Translated based on the foreign exchange rate on the balance sheet date.

Note7: Changes in paid-in capital are mainly due to capital increase and capital reduction. Please refer to Note 13.

Any significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please see Table 6.
2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 6.
3. The amount of property transactions and the amount of the resultant gains or losses: None.
4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please see Table 2.
5. The highest balance, balance at the end of period, interest rate range, and total current period interest with respect to financing of funds: See Table 1.
6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.:None.

TABLE 11

M. J. INTERNATIONAL CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares Percentage of	Number of Shares Percentage of
CROWN HARVEST COMPANY LIMITED	12,204,000	18.47%
Yunta Bank as Trustee of Luckmore Investment Limited Account	7,779,000	11.77%
Black Dragon Assets Limited	4,478,400	6.77%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

- V. Entity financial statement and auditing report for the most recent year: N/A.
- VI. If the Company and its affiliates have encountered any financial difficulties in the most recent two years and until the date of publication of the annual report, the impact on the Company's financial condition shall be specified: None.

Seven. Discussion and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Unit: NT\$ thousand; %

Item \ Year	Year2021	Year2022	Variance	
			Amount	%
Current assets	2,872,155	2,563,095	(309,060)	(10.76)
Property, Plant and Equipment	2,785,940	3,594,021	808,081	29.01
Intangible Assets	21,551	17,568	(3,983)	(18.48)
Other assets	303,602	221,145	(82,457)	(27.16)
Total assets	5,983,248	6,395,829	412,581	6.90
Current liabilities	1,476,419	1,621,188	144,769	9.81
Non-current liabilities	2,030,289	2,148,431	118,142	5.82
Total liabilities	3,506,708	3,769,619	262,911	7.50
Equity attributable to owners of the parent	2,432,780	2,593,305	160,525	6.60
Capital stock	660,590	660,590	—	—
Capital surplus	1,229,455	1,229,455	—	—
Retained earnings	731,499	829,017	97,518	13.33
Other equity	(167,314)	(104,307)	63,007	(37.66)
Treasury Shares	(21,450)	(21,450)	—	—
Non- controlling equity	43,760	32,905	(10,855)	(24.81)
Total equity	2,476,540	2,626,210	149,670	6.04
<p>The main reasons where the change scale exceeds 20% above and the amount changed reached more than NT\$10 million are stated as follows:</p> <ol style="list-style-type: none"> 1. Property, Plant and Equipment: The increase in the amount of property, plant and equipment recognized was mainly due to the completion of the construction of the new plant in Tainan and the purchase of equipment. 2. Other assets : This was mainly due to the decrease in refundable deposits. 3. Other equity : This was mainly due to the appreciation of the U.S. dollar exchange rate and the increase in exchange differences translating the financial statements of foreign operations. 4. Non- controlling equity : Mainly for the net loss of non- controlling equity. 				

II. Financial performance

1. Analysis on operating results for the most recent two years:

Unit: NT\$ thousand; %

Item \ Year	Year2021	Year2022	Variance	
			Amount	%
Operating revenue	3,610,670	3,262,778	(347,892)	(9.64)
Operating cost	2,986,204	2,573,811	(412,393)	(13.81)
Gross profit	624,466	688,967	64,501	10.33
Operating expenses	537,858	537,631	(227)	(0.04)
Operating profit	86,608	151,336	64,728	74.74
Non-operating revenue and expense	(18,341)	29,200	47,541	259.21
Net profit before tax	68,267	180,536	112,269	164.46
Income tax expenses	6,773	51,328	44,555	657.83
Current operating profit	61,494	129,208	67,714	110.11
<p>The main reasons where the change scale exceeds 20% above and the amount changed reached more than NT\$10 million are stated as follows:</p> <ol style="list-style-type: none"> 1. Operating profit 、 net profit before tax 、 current operating profit: Mainly in response to the continuous increase in raw material prices in fiscal 2021, the price increase from the end of fiscal 2021 to the first quarter of fiscal 2022, and the stabilization of raw material prices in fiscal 2022, coupled with the appreciation of the U.S. dollar, resulted in an increase in after-tax profit or loss.. 2. Non-operating revenue and expense: This is due to the increase in foreign exchange losses. 3. Income tax expenses: Income tax expense increased mainly due to a increase in net profit in 2022. 				

2. Expected sales volume and the basis thereof, and the possible impact of such changes upon the Company's financial and business affairs, and how the Company plans to respond

For the Company's expected sales volume, the Company sets the annual shipment target based on the previous year's sales performance, the estimation of market demand and customer orders already in place, and also by taking into account such factors as the supply status of major raw materials. Subject to the market demand and changes, the Company will upgrade its market share to increase the profit to be sought by the Company. The Company's business may grow continuously and its financial position is also considered fair.

III. Cash flow

1. The cash flow changes during the most recent year (2022) are analyzed and explained as following:

Unit: NT\$ thousand; %

Item \ Year	Year2021	Year2022	Increase (decrease)	
			Amount	%
Net cash inflow (outflow) from operating activities	(450,936)	1,253,492	1,704,428	377.98
Net cash inflow(outflow) from investing activities	(938,380)	(818,981)	119,399	12.72
Net cash inflow(outflow) from financing activities	1,206,610	303,047	(903,563)	(74.88)
Analysis of the changes:				
1. Net cash inflow of business activities: The increase in net cash inflow from business activities was mainly due to the increase in gross operating profit as a result of product price increases and the stabilization of raw material prices in 2022, together with the appreciation of the U.S. dollar exchange rate and other factors, resulting in an increase in net income before tax compared to 2021 and an increase in cash inflow due to a decrease in accounts receivable.				
2. Net cash outflow for investments: The decrease in net cash outflow from investing activities was mainly due to the addition of property, plant and equipment in fiscal 2022 compared to fiscal 2021.				
3. Net cash inflow for financing activity: The decrease in net cash inflow from financing activities was mainly due to the increase in repayment of short-term loans in 2022.				

2. Corrective measures to be taken in response to illiquidity:

The Company's cash outflows in recent years were mainly due to the purchase of property, plant and equipment. However, if there is a shortage of cash flow, the Company will respond with bank loans.

3. Liquidity analysis for the coming year (2023):

Unit: NT\$ thousand

Cash balance, beginning (1)	Net cash flow from operating activities for the year (2)	Net cash flow from investing and financing activities for the year (3)	Cash balance (1)+(2)+(3)	Corrective measures against projected insufficient cash position	
				Investment plan	Wealth management plan
1,089,427	(327,591)	(852,938)	(91,102)	-	Issuance of convertible bonds of \$505,000 thousand

Analyze and explain any changes in the Company's projected cash flow in 2023:

- (1) Net cash inflow from operating activities: Mainly due to the expected impact of the war between Russia and Ukraine in 2023, international crude oil prices rose, which in turn affected the high price of PVC, the main raw material, resulting in lower profitability than expected. .
- (2) Net cash flow in investment and financing activities: This is mainly due to the expected final payment for the construction and completion of the new plant in Tainan, together with the long-term financing structure of the public stock bank and the payment of cash dividends in 2023.

IV. Material capital expenditures in the most recent year and impact on business/finance:

In view of the decentralization of production capacity and market diversification, the Company purchased land in Tainan Technology Industrial Park in 2019 for the planning of the SPC floor tile production line at the new Tainan plant and the purchase of equipment required to continuously increase the automation rate of the production bases in China, which were approved by the Board of Directors' Meeting on May 6, 2021 and May 12, 2022, respectively. The Company's new Tainan factory has been opened in October 2022, but some factory areas are still pending acceptance and payment as of December 31, 2022. The Company obtained the qualification for Taiwanese businessman in "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" by the investment project of new factory in Tainan, which is accompanied by 10-year credit operation in domestic banks, including 3-year grace period and 5-year interest subsidy from National Development Council. Hence, capital expenses do not have significant impact on the Company's financial business.

V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year

(I) Investment strategies

The Company's investment strategies are set forth in line with the Company's business needs. The operating revenue of the subsidiaries invested by it appears to grow stably, due to the export to European and US markets. The Company's current investment strategies and operating procedures follow the "Regulations Governing Acquisition or Disposition of Assets" and "Regulations Governing Supervision and Management of Subsidiaries" passed by the directors' meeting or shareholders' meeting, and the investment cycles under the internal control system apply. The various subsidiaries shall comply with the Company's requirements and shall also engage in adequate internal controls pursuant to the local laws and subject to the actual operations.

(II) Main reasons for profit or loss on reinvestment in the most recent year

Investee	Amount recognized in investment income or loss	Reasons for Profit or Loss	Improvement Plan
M.J. International Flooring And Interior Products Inc.	(100,365)	The increase in overhead costs was mainly due to the trial operation of the new plant in Tainan.	—
Prolong International Co., Limited.	116,973	This is mainly due to the gain on investee accounted for by the equity method.	—
Opulent International Group Limited	146,386	This is mainly due to the gain on investee accounted for by the equity method.	—
Fullhouse Investments Limited.	(5,996)	This is mainly due to the loss on investee accounted for by the equity method.	—
Dongguan Prolong Plastic Products Co., Ltd.	52,402	Good operating conditions	—
Dongguan MeiJer Plastic Products Co., Ltd.	64,636	Good operating conditions	—
Chongqing M.J. Architecture & Decoration Materials Co., Ltd.	67	Good operating conditions	—

Investee	Amount recognize d in investmen t income or loss	Reasons for Profit or Loss	Improvement Plan
Beijing M.J. Architecture & Decoration Materials Co., Ltd.	(6,474)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Shanghai M.J. Architecture & Decoration Materials Co., Ltd.	(419)	The break-even point has not yet been reached	None
Guangzhou Promax Architecture & Decoration Materials Co., Ltd.	(3,856)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	—
Wuhan M.J. Architecture & Decoration Materials Co., Ltd.	(3,362)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Changchun MH Arts Co., Ltd.	(24,063)	Due to the business expansion period, which has not yet reached economic scale	None
Xian M.J. Architecture & Decoration Materials Co., Ltd.	(2,104)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Shenyang M.J. Architecture & Decoration Materials Co., Ltd.	(367)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Green Touch Floors Inc.	(1,184)	The loss for the period was mainly due to the lower revenue position as a result of the epidemic.	—

(III) Improvement plans and investment plans for the coming year

To distribute production capability and disperse the market, the board of directors approved to invest NT\$2,513 million in the new Tainan factory project by resolution and plan to establish the SPC floor production line on Dec. 17, 2019. Compared to the existing SPC production line in China, there are twice amount of the production line in the new Tainan factory. In addition, newest production equipment will be used in the new Tainan factory to satisfy low procurement costs, low production energy consumption and effectively enhance production efficiency. Due to the price increased in building materials and production equipments, purchase of advanced production equipments and equipments for lightweight products. The total investment amount is planned to increase by NT\$454 million. It was approved by the board of directors on May 12, 2022. As of the end of 2022, some of the production lines and offices of the new Tainan plant have been opened, but there are still some factory areas pending acceptance and payment. The Company obtained the qualification for Taiwanese businessman in “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” from Ministry of Economic Affairs. In the future, the Company can obtain subsidy for financing interests and other offers to increase the flexibility in the use of operating funds.

VI. Analysis and assessment of risk factors for the most recent year until the date of publication of the annual report

(I) Risk factors

1. Impact of interest rate, exchange rate changes, and inflation on the Company's earnings, and responsive measures:

(1) Interest rate changes

The Company's interest revenue amounted to NT\$16,585 thousand and NT\$8,516 thousand in 2022 and Q1 of 2023 respectively, namely 0.51% and 1.60% of the operating revenue, net. The interest expenses were NT\$33,303 thousand and NT\$16,776 thousand, namely 1.02% and 3.15% of the net operating revenue. The interest revenue and expense accounted for a small proportion of the operating revenue; therefore, the interest rate changes rendered no significant impact on the Company's business and finance. Notwithstanding, the Group will continue to strengthen its communication between it and banks, and closely observe and verify the changes in market interest rates. Meanwhile, it will control the interest rate risk effectively, by sound financial planning, various financial tools, and most favorable fund-raising tools in the capital market.

(2) Exchange rate changes

The Company's main sales revenue is collected in USD, and the mainland China serves as the main production base of the Company. The employees' salary, part of the raw materials and miscellaneous expenses are paid in RMB. Therefore, there is a risk over exchange rate changes for the USD against RMB. Further, after the Company is listed in Taiwan, it will need to distribute the stock dividend to the investors in NTD within the R.O.C. or convert the the fund raised within the R.O.C. from NTD to USD for utilization. Therefore, there is a risk over exchange rate changes for the USD against NTD.

The net foreign currency exchange gains or loss resulting from the operating activities was NT\$30,116 thousand loss and NT\$(9,377)thousand gain in 2022 and Q1 of 2023 respectively, namely 0.92% and (1.76%) of the operating revenue for the years.

The Company has already amended the "Regulations Governing Engagement in Derivatives Trading" to require that the derivatives should be managed for the purpose of hedging only in the future. Further, the responsive measures to be taken against the risk over exchange rate changes resulting from operating activities are stated as following:

- (a) For the procurement of major raw materials, subject to the foreign exchange rate fluctuation, the Company will negotiate with suppliers for the denomination in USD to increase the effect of natural hedge.
- (b) According to the quotation policy toward clients, when the foreign exchange fluctuation is beyond specific range upon assessment, the sale nit shall feed back to the customers immediately and negotiate with the customers to adjust the selling price.
- (c) Negotiate with customers to shorten the days of accounts receivable to reduce the foreign exchange risk arising from the foreign currency accounts receivable due to the time factor.
- (d) Open a foreign currency deposit account to manage the net foreign currency position; have dedicated personnel to assess the Company's capital needs and decide the timing and amount of foreign exchange, so as to reduce the impact of exchange rate changes on the income

and also achieve the effect of natural hedge.

- (e) Keep close contact with the bank's foreign exchange department and collect market information actively to control the potential exchange rate trend completely; subject to the exchange rate fluctuation and foreign currency position held by the Company, decide whether to underwrite financial derivatives to evade the foreign exchange risk according to the "Regulations Governing Engagement in Derivatives Trading" established by the Company.

(3) Inflation

For the time being, the inflation renders no significant impact on the Company's income. According to the Company's responsive measures, the Company will refer to the economic indicators and research reports provided by domestic and foreign economic research institutions and professional investment institutions from time to time, and provide the same to the management for reference to help the management make decisions.

- 2. Policies on high-risk and highly leveraged investments, financing provided to others, endorsements/guarantees, and derivatives trading, main causes of any profits or losses incurred, and future responsive measures:

The Company refrains from engaging in high-risk and highly leveraged investments. It engages in financing provided to others, endorsements/guarantees and derivatives trading per the policies and responsive measures established under the Company's "Regulations Governing Financing Provided to Others", "Regulations Governing Endorsement/Guarantee" and "Regulations Governing Engagement in Derivatives Trading". In the future, the Company's derivatives trading policy will still remain conservative and stable to evade the risk over substantial foreign exchange fluctuation.

As of the date of this report, there were no endorsements and loans of funds between the Company and other companies, except between the Company and its subsidiaries and between subsidiaries and the Company. The above endorsements and loans of funds were made in accordance with the relevant operating procedures and, as a whole, had no significant impact on the consolidated profit or loss. The Company has always focused on its own business and has not entered into other high-risk industries.

- 3. Future research and development plans and projected R&D expenses:

Though the Company engages in the traditional industry, it invests in R&D actively in order to maintain its profitability and industrial competitiveness. Its future R&D plan includes the improvement of process and development of new products. The improvement of process aims to upgrade the automation and cut production costs. Further, in order to be in line with the market trend and satisfy different market users' needs, the Company will continue to develop new products.

Following the growth in turnover, the Company will also increase the annual R&D expenses step by step to roughly about 1% net sales to support the future R&D plans and also upgrade the Company's strength in production and industrial competitiveness.

- 4. Impact on the Company's business/finance due to changes in domestic or foreign important policies and laws, and responsive measures:

The Company is registered in the Cayman Islands, which refer to a country of open economy and free from foreign exchange control. Therefore, the

investment environment is stable locally. The Company carries out its operations primarily in the mainland China, Hong Kong and Taiwan, where the political and economic environment is considered stable. The Company engages in production of various products and carries out its operations in accordance with the national policies and laws & regulations of the countries where it is registered and operates. Meanwhile, the Company will keep watching and controlling the development of policies and changes in laws and the impact thereof on the Company, in order to help the Company, take appropriate responsive measures. No material impact on the Company's business/finance due to changes in domestic or foreign important policies and laws has taken place during the most recent year and until the date of publication of the prospectus.

5. Impact on the Company's business/finance due to technological or industrial changes, and responsive measures:

The Company's main business lines refer to the development, production and sale of sheet plastic flooring. The sheet plastic flooring is identified as the product emerging later but growing highly on the flooring industry. The Company is committed to the development of new styles, new materials and new processes for sheet flooring, and continues to research and develop oriented toward environmental-friendly and human-friendly materials. Meanwhile, the Company will keep concerning the relevant technological changes in the industry, controlling the latest trends, and assessing the impact thereof on the Company's operations. No material impact on the Company's business/finance due to technological or industrial changes has taken place during the most recent year and until the date of publication of the prospectus.

6. Impact of changes in the corporate identity on the Company's crisis management, and responsive measures:

The Company upholds the management philosophy focusing on "Ethical Management-Based and Customers as First Priority", dedicated to production and sale of sheet plastic flooring, complying with relevant laws and regulations, promoting various certifications actively, and maintaining harmonious labor-management relations at the same time. Since the Company was founded, it has kept its fair industrial position and goodwill. Therefore, there is no change in corporate identity resulting in the Company's corporate crisis management.

7. Expected benefits, possible risks and responsive measures of merger and acquisitions:

The Company had no merger and acquisition project during the most recent year and until the date of publication of the prospectus.

8. Expected benefits, risks and responsive measures associated with plant expansions:

In response to the impact of the trade war between China and the United States, and in view of the fact that SPC floor tiles have excellent abrasion resistance, fire and moisture resistance, and environmentally friendly materials, which should lead to increased acceptance in the domestic market in Europe, the United States, and China, the Company expects to build a new SPC flooring plant in the Tainan Science and Technology Industrial Park to meet the needs of the commercial market and expand sales in the domestic market by adjusting the dual business strategy of LVT and SPC. In addition, we will set up 9 SPC production lines in Tainan Technology Industrial Park. On November 7, 2019, the Board of Directors approved the purchase of land in Tainan City, Taiwan, from the Ministry of Economic Affairs for the production base of SPC products by the Company's subsidiary, M.J. International Flooring

And Interior Products Inc. The expansion of the Company's production capacity is necessary for its operation and the possible risks are limited. The Company can also take advantage of this opportunity to increase its ability to receive orders to fully utilize the new production capacity, and the Company's plant construction plans have been carefully evaluated and the payback benefits and possible risks have been fully considered.

9. Risks and responsive measures associated with concentrated sales or purchases:

(1) Purchases

The Company is a professional manufacturer engaged in manufacturing sheet plastic flooring. The raw materials purchased by it are mainly PVC powder, transparent materials, printed film and plasticizers. In 2022 and Q1 of 2023, the purchase amount to the largest supplier accounted for 19.72% and 20.49 % of the consolidated total purchase amount, net. Therefore, there should be no significant risk over excessively concentrated purchases.

In order to enhance the mobility for the source of supply, the Company purchases main raw materials from more than two suppliers. The source of supply is considered stable, and no interruption or shortage of supply has taken place for the most recent year or period.

(2) Sales

The Group's sales to the largest customer are 38.97% and 40.91 % in 2022 and Q1 of 2023. Further, Group K's subsidiaries were used to negotiating with the Company for the sale conditions independently and placing order individually. Group K is one of the leading brand for PVC flooring in Europe. In consideration of the high production cost in Europe, it was used to contracting the production of PVC flooring to other suppliers. Through the cooperation between both parties for many years, both parties signed an exclusive supply contract, agreeing that the Company should be the exclusive OEM for the products referred to therein sold in countries in Europe and North Africa and the Company should supply said products to Group K only in said countries. The Company keeps maintaining the fair relationship with Group K and also strives to enhance its competitive strength in pricing by upgrading the production capacity and improving process, and developing new products to seek the opportunity for acting as the OEM of leading suppliers in North America. Meanwhile, the Company also starts operating its private brand and develops distribution channels in the mainland China. By developing new customers and expanding the market in the mainland China, the Company should be able to upgrade its sales effectively and thereby enable the Company's business/finance to be more stable.

10. Impacts, risks and responsive measures following a major transfer or replacement of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:

No business risk has been caused by the major transfer or replacement of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest.

11. Impacts, risks and responsive measures associated with a change of management:

The Company had no change of management during the most recent year and until the date of publication of the prospectus.

The Group has appointed independent directors, established the Audit

Committee and strengthened various corporate governance policies. Therefore, the change of management, if any, is not likely to render adverse impact or business risk against the Company.

12. Major litigations and non-contentious cases: Describe the major litigations, non-contentious cases or administrative litigations involving the Company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders' equity or security prices of the Company, and disclose the nature of dispute, the claimed value, the date when the litigation first started, the key parties involved, and progress as of the publication date of the annual report:

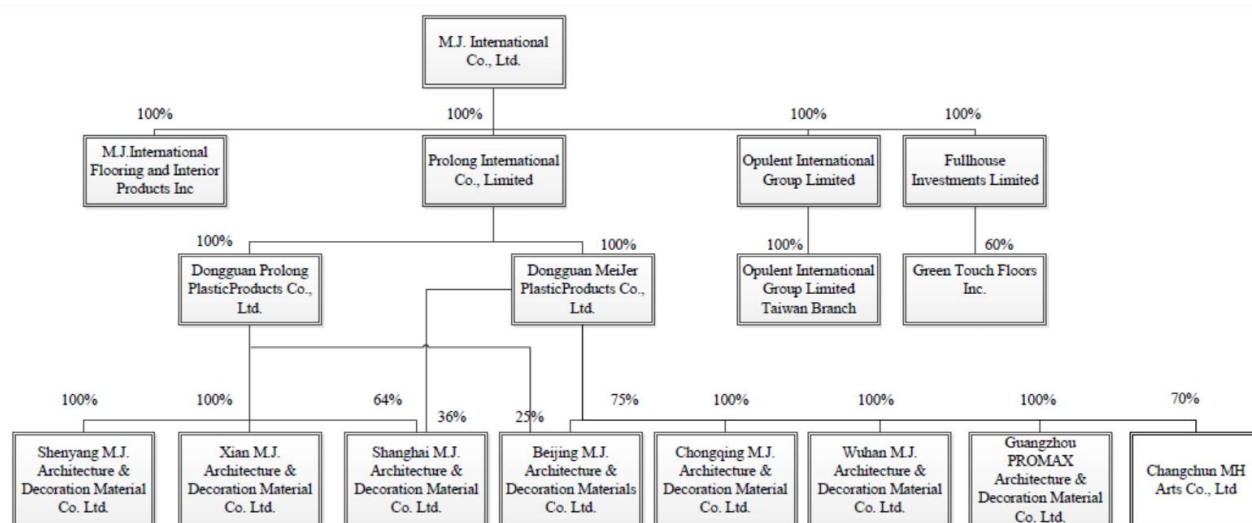
13. Other significant risks and responsive measures: None.

VII. Other important notes: None.

Eight. Special notes

I. Consolidated business reports of affiliated enterprises

(I) Organizational chart of affiliated enterprises



(II) Basic information by affiliated enterprise

Capital unit: NT\$ thousand

Company name	Date of incorporation	Territory	Paid-in capital	Main functions
Prolong International Co., Limited	November 18, 2010	Hong Kong	USD14,460	Investment holding
Opulent International Group Limited	November 15, 2012	Hong Kong	USD8,700	Procurement of raw materials and acceptance of order for export
Opulent International Group Limited Taiwan Branch	January 4, 2013	Taiwan R.O.C.	-	Business location dedicated to accepting orders for export
M.J. International Flooring and Interior Products Inc	May 15, 1982	Taiwan R.O.C..	NTD600,000	Sales and business location in the territories of Taiwan, SPC flooring production
Fullhouse Investments Limited	November 09, 2018	Samoa	USD1,751	Investment holding
Green Touch Floors Inc.	September 01, 2017	Canada	CAD2,273	Sales and operation sites at Canada
Dongguan Prolong PlasticProducts Co., Ltd.	August 10, 1993	China	HKD78,538	Investment holding, and production of sheet plastic flooring
Dongguan MeiJer PlasticProducts Co., Ltd.	January 1, 2002	China	USD32,271	Investment holding, and production of sheet plastic flooring
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	November 23, 2012	China	RMB8,000	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	January 6, 2013	China	RMB14,500	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	January 7, 2013	China	RMB47,000	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	August 1, 2013	China	RMB3,000	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	June 16, 2016	China	RMB11,000	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd.	August 18, 2017	China	RMB5,000	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture &	May 27,	China	RMB4,793	Sales and business location in the

Decoration Material Co. Ltd.	2018			territories of the mainland China
Changchun MH Arts Co., Ltd.	February 18, 2021	China	RMB20,000	Production of luxury vinyl tile

(III) Information on shareholders presumed to have a controlling and dependent relationship: None.

(IV) The industry covered by the business operated by the entire affiliated enterprises

Company name	Main functions within the Group
M.J.International Flooring and Interior Products Inc	Domestic sales and business location in Taiwan, SPC flooring production
Prolong International Co., Limited	Investment holding
Opulent International Group Limited	Procurement of raw materials
Opulent International Group Limited Taiwan Branch	Business location dedicated to accepting orders for export
Fullhouse Investments Limited	Investment holding
Green Touch Floors Inc.	Sales and operation sites at Canada
Dongguan Prolong PlasticProducts Co., Ltd.	Investment holding, and production of sheet plastic flooring
Dongguan MeiJer PlasticProducts Co., Ltd.	Investment holding, and production of sheet plastic flooring
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Changchun MH Arts Co., Ltd.	production of sheet plastic flooring

(V) Information on directors, supervisors and presidents of the Company's affiliated enterprises

Company name	Director	Supervisor	President
M.J.International Flooring and Interior Products Inc	M.J.International Flooring and Interior Products Inc - representative Chen Pen-Yuan, Chen I-Hsiu and Lin An-Hsiu	M.J.International Flooring and Interior Products Inc - representative Hsieh Ming-Feng	Chen Pen-Yuan
Prolong International Co., Limited	Chen Pen-Yuan	-	-
Opulent International Group Limited	Chen Pen-Yuan	-	-
Fullhouse Investments Limited	Chen Pen-Yuan	-	-
Green Touch Floors Inc.	Chen Pen-Yuan, Chen I-Hsiu, ZEN XU	-	ZEN XU
Dongguan Prolong PlasticProducts Co., Ltd.	Lo Fong-Chu, Chen I-Hsiu and Chen Chien-Ming	Hsieh Ming-Feng	Chen Pen-Yuan
Dongguan MeiJer PlasticProducts Co., Ltd.	Lo Fong-Chu, Chen I-Hsiu and Chen Chien-Ming	Hsieh Ming-Feng	Chen Pen-Yuan

Chongqing M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Xian M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Changchun MH Arts Co., Ltd.	Chen I-Hsiu, Chang Chun-Chang , Lee Liang-You,	Chang ,Chun-Tai	Chang Chun-Chang

(VI) Operating overview of affiliated enterprises

Unit: thousand

Name of enterprise	Currency type	Capital	Worth of total assets	Worth of total liabilities	Net worth	Operating revenue	Operating gain	Current gain (loss)	EPS
								(after tax)	(after tax)
Prolong International Co., Limited	USD	14,460	64,635	0	64,635	0	(2)	3,925	Note 1
Opulent International Group Limited	USD	8,700	51,268	32,694	18,574	101,736	5,403	4,911	Note 1
M.J.International Flooring and Interior Products Inc	NTD	600,426	3,113,251	2,524,848	588,403	248,429	(88,984)	(100,366)	(1,672,77) Note 2
Fullhouse Investments Limited	USD	1,751	1,486	7	1,479	0	(1)	(201)	Note 1
Green Touch Floors Inc.	CAD	2,273	5,889	2,619	3,269	4,091	54	(86)	Note 1
Dongguan Prolong PlasticProducts Co., Ltd.	RMB	HKD 78,538	169,362	29,185	140,177	202,115	10,429	11,640	Note 1
Dongguan MeiJer PlasticProducts Co., Ltd.	RMB	USD 32,271	365,781	40,463	325,318	385,336	15,556	17,893	Note 1
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	RMB	8,000	2,581	0	2,581	0	(136)	(15)	Note 1
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	RMB	14,500	4,901	2,673	2,228	440	(2,050)	(1,460)	Note 1
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	RMB	47,000	61,476	34,361	27,115	14,564	(1,961)	(94)	Note 1
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	RMB	3,000	3,208	50	3,158	189	(1,106)	(869)	Note 1
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	RMB	11,000	8,387	9	8,378	0	(797)	(758)	Note 1
Xian M.J. Architecture & Decoration Material Co. Ltd.	RMB	5,000	3,921	3	3,918	3	(468)	(474)	Note 1
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	RMB	4,793	3,867	676	3,191	0	(258)	(83)	Note 1
Changchun MH Arts Co., Ltd.	RMB	20,000	25,083	18,390	6,693	303	(7,410)	(7,751)	Note 1

Note 1. Not applicable, as it is a limited company.

Note 2. at par value NT\$10,000 per share.

- (VII) Consolidated financial statements of affiliated enterprises: Please refer to Pages 105~184, as same as the consolidated financial statements.
- (VIII)Affiliation report: N/A.

For the business lines operated by the Company and its affiliates enterprises, except Prolong International Co., Limited, which engages in investment holding, Dongguan MeiJer Plastic Products Co., Ltd. and Dongguan Prolong Plastic Products Co., Ltd. are both responsible for production and manufacturing. The other subsidiaries are responsible for the marketing business in various territories. The business lines operated by them are different from the Company's, provided that their source of supply is the Company only. Each affiliated enterprise engages in operations under the labor division system per the Company's entire business planning.

- II. Any private placement of securities in the recent years up to the publication of the annual report: None.
- III. Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the publication date of the annual report: N/A.
- IV. Other required supplementary notes: None.
- V. Significant matters which might affect shareholders' equity or stock price pursuant to the subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act during the most recent year and until the date of publication of the annual report: None.